



Legislative Fiscal Office

for the state of Louisiana

Revenue Estimating Conference

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Presentation To
Task Force on Structural Changes in Budget and Tax Policy
April 1, 2016



Consensus Revenue Estimating Conference

Prior to FY 1988-1989 competing state revenue forecasts were made by the Legislative Fiscal Office (LFO – Legislative branch) and the Division of Administration (DOA – Executive branch).

Forecasts were made by the administration and used to build the Executive Budget proposal.

Then, as the budget was being considered by the legislature, LFO and DOA forecasts were presented to the House Appropriations Committee and then to the Senate Finance Committee. Each spending committee selected the forecast they preferred.

Beginning with the budget for FY88/89, state tax revenue forecasts began being selected through the Consensus Revenue Estimating Conference process (REC). Somewhat similar to the process used by Florida at the time, but with some material differences. Initially enacted in statute and then adopted into the State Constitution. The REC meets 3 – 4 times per year, and as necessary to review/adopt revenue forecasts and make other determinations.

Principals of the REC are: Governor, Speaker of the House, President of the Senate, university economist (selected by the other three from a list). The Commissioner of Administration is the typical designee of the Governor, however, the Speaker and the President themselves typically attend the meetings. The university economist has been Jim Richardson from inception.

Forecasts continue to be made and presented to the REC by the LFO and the DOA. Meetings can run up to 2 – 3 hours long and are open to the public. The forecasters make presentations and recommendations, principals ask questions and discuss the forecasts. The REC selects the forecast to be used in the budget process by unanimous vote (consensus). If a unanimous decision can not be reached, the forecast currently in place is retained. Various determinations, other than revenue forecasts, have been assigned to the REC over the years. The unanimous vote requirement is applied to all REC decisions/adoptions.

The forecast adopted by the REC is the official state revenue forecast. The Executive Budget proposal must conform to the REC forecast, and the state funds budget must be enacted and maintained within the REC forecast.



Legislative Fiscal Office

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REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 17 FORECAST
(In Million \$)

ADOPTED
Official Forecast
3/16/2016

These are the traditional state tax sources that the REC has concerned itself with for 20+ years, and which are still the focus of forecasting.

Forecasts are adopted for the current and ensuing fiscal year (the focus of REC and budgeting process), and for the subsequent three fiscal years (out to FY 20 at this point).

| REVENUE SOURCE / Dedications | Official Forecast 2/10/2016 | 2016 1st ES Session Actions | ADOPTED Official Forecast 3/16/2016 |
|--|--------------------------------|--------------------------------|---|
| Alcoholic Beverage | 24.9 | 11.4 | 36.3 |
| Beer | 33.6 | 8.2 | 41.8 |
| Corporate Franchise | | | |
| Corporate Income | | | |
| <i>Total Corp Fran. & Inc.</i> | 413.2 | 10.3 | 423.5 |
| Gasoline & Special Fuels | 624.1 | | 624.1 |
| Gift | - | | - |
| Hazardous Waste | 3.3 | | 3.3 |
| Individual Income | 3,071.3 | | 3,071.3 |
| Inheritance | - | | - |
| Natural Gas Franchise | 0.3 | | 0.3 |
| Public Utilities | 7.0 | | 7.0 |
| Auto Rental Excise | - | 5.0 | 5.0 |
| Sales Tax - General | 2,700.5 | 1,070.7 | 3,771.2 |
| Severance | 278.1 | | 278.1 |
| Special Fuels | | | |
| Supervision/Inspection Fee | 8.0 | | 8.0 |
| Tobacco | 255.0 | 48.2 | 303.2 |
| Unclaimed Property | 55.0 | | 55.0 |
| Miscellaneous Receipts | 4.6 | | 4.6 |
| Total-Dept. of Revenue | 7,478.9 | 1,153.8 | 8,632.7 |
| Royalties | 176.7 | | 176.7 |
| Rentals | 4.4 | | 4.4 |
| Bonuses | 3.5 | | 3.5 |
| Mineral Interest | 1.0 | | 1.0 |
| Total-Natural Res. | 185.7 | 0.0 | 185.7 |
| Interest Earnings (SGF) | 21.0 | | 21.0 |
| Interest Earnings (TTF) | 0.3 | | 0.3 |
| VAR,INA/Hosp Leases/LA1 Tolls | 209.7 | | 209.7 |
| Agency SGR Over-collections | 21.3 | | 21.3 |
| Bond Reimbs / Traditional & GOZ | 22.7 | | 22.7 |
| Quality Ed. Support Fund | 49.3 | | 49.3 |
| Lottery Proceeds | 171.0 | | 171.0 |
| Land-based Casino | 63.5 | | 63.5 |
| Tobacco Settlement | 108.6 | | 108.6 |
| DHH Provider Fees | 135.2 | | 135.2 |
| Total Treasury | 802.6 | 0.0 | 802.6 |
| Excise License | 541.5 | 8.3 | 549.8 |
| Ins. Rating Fees (SGF) | 64.8 | | 64.8 |
| Total-Insurance | 606.3 | 8.3 | 614.6 |
| Misc. DPS Permits & ABC Permits | 14.7 | | 14.7 |
| Titles | 85.0 | | 85.0 |
| Vehicle Licenses | 129.8 | | 129.8 |
| Vehicle Sales Tax | 424.6 | 99.0 | 523.6 |
| Riverboat Gaming | 427.1 | | 427.1 |
| Racetrack slots | 55.9 | | 55.9 |
| Video Draw Poker | 189.1 | | 189.1 |
| Total-Public Safety | 1,326.1 | 99.0 | 1,425.1 |
| Total Taxes, Lic., Fees | 10,399.6 | 1,261.1 | 11,660.7 |
| <i>Less: Dedications</i> | <i>(2,160.2)</i> | <i>(2.0)</i> | <i>(2,162.2)</i> |
| <i>Less: NOW Waiver Fund Allocation</i> | - | - | - |
| STATE GENERAL FUND REVENUE - DIRECT | 8,239.3 | 1,259.1 | 9,498.5 |
| Oil Price per barrel | \$30.00 | | \$30.00 |



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FISCAL YEAR 17 FORECAST
(In Million \$)

| REVENUE SOURCE / Dedications | Official Forecast 2/10/2016 | 2016 1st ES Session Actions | ADOPTED Official Forecast 3/16/2016 |
|--|--------------------------------|--------------------------------|---|
| Transp. Trust/Motor Fuels/93% Veh. Sales | 499.3 | | 499.3 |
| Transp. Mobility Fund / 7% Veh. Sales | 0.0 | | 0.0 |
| Motor Vehicles Lic. - TTF | 55.2 | | 55.2 |
| Aviation Tax - TTF | 29.8 | | 29.8 |
| TTF/Interest and Fees | 28.2 | | 28.2 |
| Motor Fuels - TIME Program | 124.8 | | 124.8 |
| Motor Veh.Lic - Hwy Fund #2 | 13.1 | | 13.1 |
| State Highway Improvement Fund | 59.7 | | 59.7 |
| Severance Tax -Parishes | 17.6 | | 17.6 |
| Severance Tax - Forest Prod. Fund | 2.5 | | 2.5 |
| Royalties - Parishes | 17.7 | | 17.7 |
| Royalties-DNR/AG Support Fund | 1.6 | | 1.6 |
| Wetlands Fund | 13.5 | | 13.5 |
| Quality Ed. Support Fund | 49.3 | | 49.3 |
| Sales Tax Econ. Development | 12.6 | 0.9 | 13.5 |
| Tourism Promotion District | 23.4 | | 23.4 |
| Sales Tax/Telecomm Fd for the Deaf | 1.0 | | 1.0 |
| Excise Lic. - 2% Fire Ins. | 22.2 | | 22.2 |
| Excise Lic. -Fire Mars. Fd. | 16.6 | | 16.6 |
| Excise Lic. - LSU Fire Tr. | 3.3 | | 3.3 |
| Insurance Fees | 64.8 | | 64.8 |
| ELT MATF Medicaid Managed Care | 112.4 | | 112.4 |
| State Police Salary Fund | 15.6 | | 15.6 |
| Video Draw Poker | 58.3 | | 58.3 |
| Racetrack Slots | 31.7 | | 31.7 |
| Lottery Proceeds Fund | 170.5 | | 170.5 |
| SELF Fund | 154.8 | | 154.8 |
| Higher Education Initiatives Fund | | | 0.0 |
| Casino Support Fund | 0.0 | | 0.0 |
| Riverboat 'Gaming' Enforce. | 67.0 | | 67.0 |
| Compulsive Gaming Fund | 2.5 | | 2.5 |
| Stabilization Fund | 25.0 | | 25.0 |
| Hazardous Waste Funds | 3.3 | | 3.3 |
| Supervision/Inspection Fee | 8.0 | | 8.0 |
| Insp. Fee/Gasoline, Ag. Petr. Fund | 4.6 | | 4.6 |
| Tobacco Settlement/4 cent Tob Tax dedication | 119.0 | 0.4 | 119.4 |
| Tob Tax Health Care Fd / Reg Enf Fd | 38.9 | 0.4 | 39.2 |
| Tob Tax Medicaid Match Fund | 107.4 | 0.4 | 107.8 |
| Rapid Response Fund/Econ Dev | 10.0 | | 10.0 |
| Rapid Response Fund/Workforce | 10.0 | | 10.0 |
| Unclaimed Property / I-49 | 15.0 | | 15.0 |
| Capitol Tech | 10.0 | | 10.0 |
| LDR Fraud / Lottery Reserves / Debt Recovery | 5.0 | | 5.0 |
| DHH Provider Fees | 135.2 | | 135.2 |
| Total Dedications | 2,160.2 | 2.0 | 2,162.2 |

These are the traditional dedications that divert funds from the tax sources on page 1.

If its on page 2 it has to be on page 1.

Most of these estimates are formula driven by the law that creates the dedication, or are simple historical % allocations by the administering agency from the revenue source on page 1.

The dedication allocation may be 100% of the revenue source total on page 1.



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The REC general fund direct revenue estimate is compared to the continuation budget projection to arrive at the general fund equivalent funding problem.

FIVE YEAR BASE LINE PROJECTION STATE GENERAL FUND SUMMARY CONTINUATION

| | Current Fiscal Year 2015-2016 | Projected Fiscal Year 2016-2017 | Projected Fiscal Year 2017-2018 | Projected Fiscal Year 2018-2019 | Projected Fiscal Year 2019-2020 |
|---|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| REVENUES: | | | | | |
| Taxes, Licenses & Fees | \$10,688,769,000 | \$11,660,700,000 | \$11,914,900,000 | \$10,804,300,000 | \$10,978,700,000 |
| Less Dedications | (\$2,476,600,000) | (\$2,162,200,000) | (\$2,174,900,000) | (\$2,196,700,000) | (\$2,222,600,000) |
| Undesignated Fund Balanced | (\$117,077,518) | \$0 | \$0 | \$0 | \$0 |
| Carry Forward Balances | \$11,874,873 | \$0 | \$0 | \$0 | \$0 |
| Act 121 of 2015 RLS (Funds Bill) - Transfer of Funds | \$30,300,000 | \$0 | \$0 | \$0 | \$0 |
| Mid-Year Deficit - Action by JLCB on 11/20/2015 | \$106,447,816 | \$0 | \$0 | \$0 | \$0 |
| Mid-Year Deficit - Budget Stabilization Fund | \$156,659,664 | \$0 | \$0 | \$0 | \$0 |
| Mid-Year Deficit - Action by JLCB on 02/15/2016 | \$32,860,776 | \$0 | \$0 | \$0 | \$0 |
| Mid-Year Deficit - HB 122 of the 2016 1st ELS | \$234,085,745 | \$0 | \$0 | \$0 | \$0 |
| TOTAL REVENUES | \$8,667,320,356 | \$9,498,500,000 | \$9,740,000,000 | \$8,607,600,000 | \$8,756,100,000 |
| ANNUAL GROWTH RATE | | 9.59% | 2.54% | -11.63% | 1.73% |
| EXPENDITURES: | | | | | |
| General Appropriation Bill (Act 16 of 2015 RLS) | \$8,041,802,994 | \$9,669,255,204 | \$10,111,047,850 | \$10,433,377,313 | \$10,744,751,218 |
| Ancillary Appropriation Bill (Act 46 of 2015 RLS) | \$0 | \$0 | \$0 | \$2,668,062 | \$6,484,178 |
| Non-Appropriated Requirements | \$285,155,251 | \$496,564,823 | \$521,060,030 | \$542,037,786 | \$570,140,087 |
| Judicial Appropriation Bill (Act 66 of 2015 RLS) | \$159,838,908 | \$159,838,908 | \$159,705,289 | \$159,704,887 | \$159,704,469 |
| Legislative Appropriation Bill (Act 76 of 2015 RLS) | \$73,352,811 | \$73,352,811 | \$73,281,028 | \$73,281,162 | \$73,281,282 |
| Special Acts | \$0 | \$13,400,000 | \$13,400,000 | \$13,400,000 | \$13,400,000 |
| Capital Outlay Bill (Act 26 of 2015 RLS) | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL EXPENDITURES | \$8,560,149,964 | \$10,412,411,746 | \$10,878,494,197 | \$11,224,469,210 | \$11,567,761,234 |
| ANNUAL GROWTH RATE | | 21.64% | 4.48% | 3.18% | 3.06% |
| Midyear Adjustments after 12/1/2015 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Reserve for FEMA Reimbursement Not Received from Nov 20, 2015, Deficit Plan | \$17,401,603 | \$0 | \$0 | \$0 | \$0 |
| Mid-Year Deficit Plan BA-7s Approved by Governor, JLCB, and Legislature | (\$39,155,469) | \$0 | \$0 | \$0 | \$0 |
| PROJECTED BALANCE | \$128,924,258 | (\$913,911,746) | (\$1,138,494,197) | (\$2,616,869,210) | (\$2,811,661,234) |
| Oil Prices included in the REC official forecast | \$37.12 | \$30.00 | \$35.55 | \$38.26 | \$40.17 |



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Under Act 419 of 2013, the REC also adopts estimates for each appropriated dedicated fund. Nearly 400 of these. Non-rigorous but still time consuming, and not much focus by the REC other than particular funds that have been used to incorporate ad hoc resources into the budget.

OFFICIAL FORECAST

Schedule F

ADOPTED 2-10-16

| REVENUE ESTIMATING CONFERENCE | | | | | | |
|--|---|--|--------------------------------------|---|---|---|
| FISCAL YEAR 2016-2017 FORECAST - STATUTORY DEDICATIONS | | | | | | |
| (In Million \$) | | | | | | |
| SD # | STATUTORY DEDICATION | Official Forecast FY17 11/16/2015 | Proposed DOA FY17 2/10/2016 | DOA over/under Official Forecast | ADOPTED 2/10/2016 Proposed LFO FY17 2/10/2016 | LFO over/under Official Forecast |
| STB | 2013 Amnesty Collections Fund | - | - | - | - | - |
| V25 | Overcollections Fund | - | - | - | - | - |
| A01 | Fuller-Edwards Arboretum Trust | 0.00 | 0.00 | (0.00) | 0.00 | - |
| A02 | Structural Pest Control Commission Fund | 0.92 | 0.92 | - | 0.92 | - |
| A07 | Louisiana Agricultural Finance Authority Fund | 12.00 | 12.00 | - | 12.00 | - |
| A09 | Pesticide Fund | 4.00 | 4.41 | 0.41 | 4.00 | - |
| A11 | Forest Protection Fund | 0.81 | 0.81 | (0.00) | 0.81 | - |
| A12 | Boll Weevil Eradication Fund | 0.10 | 0.10 | - | 0.10 | - |
| A13 | Agricultural Commodity Commission Self-Insurance Fund | 0.50 | 0.50 | - | 0.50 | - |
| A14 | Forestry Productivity Fund | 2.50 | 2.00 | (0.50) | 2.50 | - |
| A15 | Petroleum Products Fund | 4.60 | 4.80 | 0.20 | 4.60 | - |

\\ Five legal pages of dedicated funds

| | | | | | | |
|---|--|-----------------|-----------------|---------------|-----------------|---------------|
| Z11 | Louisiana Quality Education Support Fund | 44.30 | 49.00 | 4.70 | 49.80 | 5.50 |
| Z12 | Coastal Protection and Restoration Fund | 80.50 | 129.70 | 49.20 | 78.90 | (1.60) |
| Z13 | Louisiana Fund | 14.30 | 13.91 | (0.39) | 14.30 | - |
| Z14 | Wetlands—Mitigation Account | - | - | - | - | - |
| Z15 | Deepwater Horizon Economic Damages Fund | - | - | - | - | - |
| Z17 | Health Excellence Fund | 28.90 | 25.77 | (3.13) | 28.90 | - |
| Z18 | Education Excellence Fund | 15.10 | 16.39 | 1.29 | 15.10 | - |
| Z19 | TOPS Fund | 60.30 | 58.13 | (2.17) | 60.30 | - |
| Z20 | Millennium Leverage Fund | - | - | - | - | - |
| Z24 | Agricultural & Seafood Products Support Fund | - | - | - | - | - |
| Total | | 3,193.54 | 3,514.11 | 320.57 | 3,465.23 | 271.69 |
| Notes: | | | | | | |
| 1) Any balance remaining at the end of any fiscal year is available revenue for subsequent years. | | | | | | |



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Under Act 419 of 2013, the REC adopts estimates for fees and self-generated revenue, as well. Far too many of these to really be done. Estimates are simply what agencies/analysts prepare for normal budget development. Aggregated at department level. Very little REC focus.

| REVENUE ESTIMATING CONFERENCE | | | | | | | | | | | |
|---|--|---------------------------------------|---------------------------------------|---------------------------------|---------------------------------|---|---|---------------------------------|---------------------------------|---|---|
| FISCAL YEAR 2015/16-2016/17 FORECASTS - SELF-GENERATED REVENUES | | | | | | | | | | | |
| (In Million \$) | | | | | | | | | | | |
| Department | Department | Official Forecast FY16 11/16/15 | Official Forecast FY17 11/16/15 | Proposed DOA FY16 2/10/16 | Proposed DOA FY17 2/10/16 | DOA FY16 over/under Official Forecast | DOA FY17 over/under Official Forecast | Proposed LFO FY16 2/10/16 | Proposed LFO FY17 2/10/16 | LFO FY16 over/under Official Forecast | LFO FY17 over/under Official Forecast |
| 01A_EXEC | Executive Department | 172.74 | 172.74 | 172.74 | 166.11 | - | (6.63) | 172.74 | 166.11 | - | (6.63) |
| 03A_VETS | Department of Veterans Affairs | 17.00 | 17.00 | 23.75 | 20.00 | 6.75 | 3.00 | 23.75 | 20.00 | 6.75 | 3.00 |
| 04A_DOS | Secretary of State | 26.18 | 26.45 | 26.18 | 26.45 | - | - | 26.18 | 26.45 | - | - |
| 04B_AG | Office of the Attorney General | 7.22 | 6.95 | 11.22 | 6.95 | 4.00 | - | 11.22 | 6.95 | 4.00 | - |
| 04C_LGOV | Lieutenant Governor | 0.01 | 0.01 | 0.01 | 0.01 | - | - | 0.01 | 0.01 | - | - |
| 04D_TREA | State Treasurer | 16.30 | 16.30 | 16.30 | 16.30 | - | - | 16.30 | 16.30 | - | - |
| 04E_PSER | Public Service Commission | - | - | - | - | - | - | - | - | - | - |
| 04F_AGRI | Agriculture and Forestry | 7.49 | 7.49 | 7.49 | 7.49 | - | - | 7.49 | 7.49 | - | - |
| 04G_INSU | Commissioner of Insurance | 44.99 | 39.49 | 44.79 | 44.79 | (0.20) | 5.30 | 44.79 | 44.79 | (0.20) | 5.30 |
| 05A_ECON | Department of Economic Development | 6.18 | 6.50 | 6.92 | 9.18 | 0.74 | 2.68 | 6.92 | 9.18 | 0.74 | 2.68 |
| 06A_CRAT | Dept of Culture Recreation and Tourism | 32.80 | 27.21 | 25.91 | 25.71 | (6.90) | (1.50) | 25.91 | 25.71 | (6.90) | (1.50) |
| 07A_DOTD | Dept of Transportation and Development | 28.18 | 28.18 | 28.18 | 28.18 | - | - | 28.18 | 28.18 | - | - |
| 08A_CORR | Corrections Services | 42.14 | 42.14 | 42.14 | 42.14 | - | - | 42.14 | 42.14 | - | - |
| 08B_PSAF | Public Safety Services | 153.84 | 156.49 | 153.84 | 122.14 | - | (34.35) | 153.84 | 122.14 | - | (34.35) |
| 08C_YSER | Youth Services | 0.78 | 0.78 | 0.78 | 0.78 | - | - | 0.78 | 0.78 | - | - |
| 09A_DHH | Department of Health and Hospitals | 266.67 | 266.67 | 266.67 | 266.67 | - | - | 266.67 | 266.67 | - | - |
| 10A_DCFS | Department of Children and Family Services | 17.52 | 17.52 | 17.52 | 17.52 | - | - | 17.52 | 17.52 | - | - |
| 11A_NATR | Department of Natural Resources | 0.35 | 0.35 | 0.35 | 0.35 | - | - | 0.35 | 0.35 | - | - |
| 12A_RVTX | Department of Revenue | 87.64 | 53.50 | 87.64 | 53.50 | - | - | 87.64 | 53.50 | - | - |
| 13A_ENVQ | Department of Environmental Quality | 0.02 | 0.02 | 0.02 | 0.02 | - | - | 0.02 | 0.02 | - | - |
| 14A_LWC | Louisiana Workforce Commission | 0.27 | 0.27 | 0.27 | 0.27 | - | - | 0.27 | 0.27 | - | - |
| 16A_WFIS | Department of Wildlife and Fisheries | 10.00 | 10.00 | 10.00 | 10.00 | - | - | 10.00 | 10.00 | - | - |
| 17A_CSER | Department of Civil Service | 1.08 | 1.00 | 1.08 | 1.14 | - | 0.14 | 1.08 | 1.14 | - | 0.14 |
| 18A_RETMD | Retirement Systems | - | - | - | - | - | - | - | - | - | - |
| 19A_HIED | Higher Education | - | - | - | - | - | - | - | - | - | - |
| 19B_OTED | Special Schools and Commissions | 3.06 | 3.06 | 3.26 | 3.26 | 0.20 | 0.20 | 3.26 | 3.26 | 0.20 | 0.20 |
| 19D_LDOE | Department of Education | 57.42 | 57.42 | 57.42 | 57.42 | 0.00 | 0.00 | 57.42 | 57.42 | 0.00 | 0.00 |
| 19E_HCSDD | LSU Health Care Services Division | - | - | - | - | - | - | - | - | - | - |
| 20A_OREQ | Other Requirements | 8.83 | 7.55 | 8.83 | 7.55 | - | - | 8.83 | 7.55 | - | - |
| General Appropriation Bill Total | | 1,008.71 | 965.09 | 1,013.31 | 933.94 | 4.60 | (31.15) | 1,013.31 | 933.94 | 4.60 | (31.15) |
| 21A_ANCIL | Ancillary Appropriations | 1,663.38 | 1,663.38 | 1,663.38 | 1,705.07 | - | 41.69 | 1,663.38 | 1,705.07 | - | 41.69 |
| 23A_JUDI | Judicial Expense | - | - | - | - | - | - | - | - | - | - |
| 24A_LEGI | Legislative Expense | 24.95 | 24.95 | 26.92 | 31.41 | 1.97 | 6.46 | 26.92 | 31.41 | 1.97 | 6.46 |
| 25A_SPEC | Special Acts Expense | - | - | - | - | - | - | - | - | - | - |
| 26A_CAPI | Capital Outlay | 113.83 | 113.83 | 113.83 | 113.83 | - | - | 113.83 | 113.83 | - | - |
| Other Appropriations Bills Total | | 1,802.17 | 1,802.17 | 1,804.13 | 1,850.32 | 1.97 | 48.15 | 1,804.13 | 1,850.32 | 1.97 | 48.15 |
| 22A_NON | Non-Appropriated Requirements | - | - | - | - | - | - | - | - | - | - |
| TOTAL | | 2,810.88 | 2,767.26 | 2,817.45 | 2,784.26 | 6.57 | 17.00 | 2,817.45 | 2,784.26 | 6.57 | 17.00 |

Notes:

- Any balance remaining at the end of any fiscal year is available revenue for subsequent years.
- Self-generated revenues for higher education are not included in the forecast. [see Constitution Article VII, 10(J)]



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Under Act 169 of 2015, the REC now adopts estimates for specified tax expenditure programs. Too complex to be analyzed rigorously with existing resources. Actuals and estimates are taken from the Revenue Department Tax Expenditure Budget. Only presented one-time to REC so far. These estimates are non-binding.

INCENTIVE EXPENDITURE FORECAST

FISCAL YEAR 2017

(in Million \$)

| INCENTIVE EXPENDITURE | Legal Authority | Adm. Agency | FY12 Actuals | FY13 Actuals | FY14 Actuals | FY15 Actual | FY16 Projected | FY17 Projected |
|---|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Atchafalaya Trace Heritage Area Development Zone | R.S.25:1226 | CRT | \$ 2,436 | \$ 6,219 | \$ - | \$ - | \$ - | \$ - |
| Brownfields Investor Tax Credit | R.S. 47:6021 | DEQ | \$ 2,193,428 | \$ 529,924 | \$ 75,606 | \$ 513,081 | \$ 200,000 | \$ 200,000 |
| Cane River Heritage Tax Credit | R.S. 47:6026 | CRT | \$ 160 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Louisiana Community Economic Development Act | R.S. 47:6031 | LED | \$ - | \$ - | \$ - | \$ 12,854 | \$ 13,111 | \$ 13,368 |
| Ports of Louisiana Tax Credits | R.S. 47:6036 | LED | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Motion Picture Investor Tax Credit | R.S. 47:6007 | LED | \$ 214,571,993 | \$ 148,203,276 | \$ 250,378,776 | \$ 212,850,572 | \$ 180,000,000 | \$ 180,000,000 |
| Research and Development Tax Credit | R.S. 47:6015 | LED | \$ 17,182,482 | \$ 24,232,875 | \$ 25,895,753 | \$ 45,265,674 | \$ 5,000,000 | \$ 23,271,262 |
| Digital Interactive Media and Software Act | R.S. 47:6022 | LED | \$ 3,885,928 | \$ 3,798,054 | \$ 15,031,546 | \$ 13,106,817 | \$ 8,719,151 | \$ 11,260,602 |
| Louisiana Motion Picture Incentive Act | R.S. 47:1121 | LED/OFI | \$ 969,799 | \$ 3,173,488 | \$ 8,170,761 | \$ 1,081,375 | \$ 664,386 | \$ 901,022 |
| Louisiana Capital Companies Tax Credit Program | R.S. 51:1921 | LDR | \$ 18,020 | \$ 24,686 | \$ - | \$ 16,034 | \$ 16,355 | \$ 16,675 |
| New Markets Tax Credit | R.S. 47:6016 | LED | \$ 36,408,548 | \$ 21,969,519 | \$ 19,503,726 | \$ 2,912,091 | \$ 2,920,930 | \$ 3,003,389 |
| University Research and Development Parks | R.S. 17:3389 | LED | \$ 1,979 | \$ 1,994 | \$ - | \$ - | \$ - | \$ - |
| | R.S. 47:3201 - | | | | | | | |
| Industrial Tax Equalization Program | 3205 | LED | \$ 6,700,785 | \$ 6,067,950 | \$ 10,534,944 | \$ 2,286,137 | \$ 2,232,493 | \$ 2,326,925 |
| | R.S. 47:4301 - | | | | | | | |
| Exemptions for Manufacturing Establishments | 4306 | LED | \$ 1,942,061 | \$ 2,101,395 | \$ 1,374,202 | \$ 1,732,190 | \$ 1,766,834 | \$ 1,801,478 |
| Louisiana Enterprise Zone Act | R.S. 51:1781 | LED | \$ 54,775,758 | \$ 50,876,337 | \$ 56,466,047 | \$ 46,910,067 | \$ 38,891,128 | \$ 49,628,084 |
| Sound Recording Investor Tax Credit | R.S. 47:6023 | LED | \$ 556,038 | \$ 177,421 | \$ 151,561 | \$ 271,357 | \$ 276,784 | \$ 282,211 |
| Urban Revitalization Tax Incentive Program | R.S. 51:1801 | LED | \$ 189,881 | \$ 23,224 | \$ - | \$ - | \$ - | \$ - |
| Technology Commercialization Credit and Jobs Program | R.S. 51:2351 | LED | \$ 104,924 | \$ 104,735 | \$ 201,377 | \$ 177,314 | \$ - | \$ 85,844 |
| Angel Investor Tax Credit Program | R.S. 47:6020 | LED | \$ 3,386,710 | \$ 1,822,774 | \$ 1,564,900 | \$ 1,119,191 | \$ 726,055 | \$ 952,125 |
| Musical and Theatrical Productions Income Tax Credit | R.S. 47:6034 | LED | \$ 5,261,983 | \$ 4,948,816 | \$ 8,754,304 | \$ 13,439,537 | \$ 12,468,920 | \$ 13,345,263 |
| | R.S. 51:2399.1 - | | | | | | | |
| Retention and Modernization Act | .6 | LED | \$ 37,575 | \$ 857 | \$ 180,941 | \$ 760,848 | \$ 368,065 | \$ 583,282 |
| Tax Credit for Green Jobs Industries | R.S. 47:6037 | LED | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Louisiana Quality Jobs Program Act | R.S. 51:2451 | LED | \$ 32,413,412 | \$ 51,318,246 | \$ 55,779,923 | \$ 72,864,143 | \$ 74,321,426 | \$ 72,485,426 |
| Corporate Headquarters Relocation Program | R.S. 51:3111 | LED | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Competitive Projects Payroll Incentive Program | R.S. 51:3121 | LED | \$ - | \$ - | \$ - | \$ 53,625 | \$ 100,000 | \$ 100,000 |
| Procurement Processing Company Rebate Program | R.S. 47:6351 | LDR | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tax Credit for Rehabilitation of Historic Structures | R.S. 47:6019 | CRT | \$ - | \$ 52,811,147 | \$ 54,165,641 | \$ 69,480,754 | \$ 70,870,369 | \$ 72,287,776 |
| Rebates for Donations to School Tuition Organizations | R.S. 47:6301 | DOE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Incentive Expenditures | | | \$ 380,603,900 | \$ 372,192,937 | \$ 508,230,008 | \$ 484,853,661 | \$ 399,556,007 | \$ 432,544,732 |

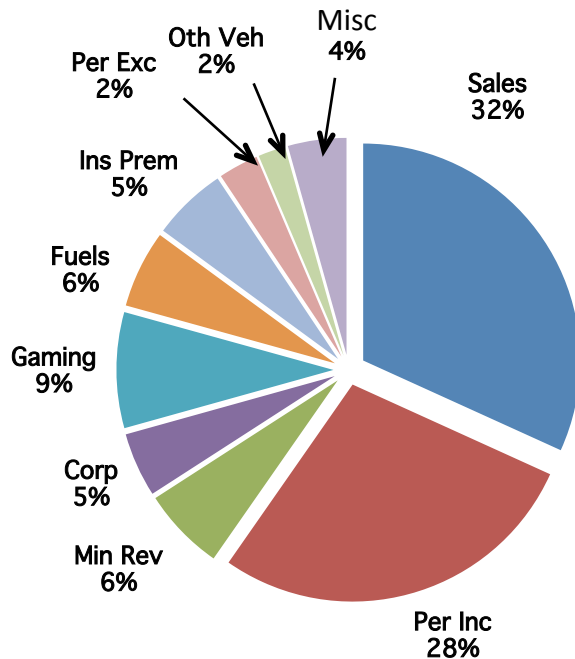


Legislative Fiscal Office

for the state of Louisiana

State Tax Revenue Composition: Some diversification, but relies heavily on two taxes

Components Of The Forecasted State
Tax Revenue Base
FY 2015-16 Forecast Collections
Includes 2015 & 2016ES1 Session Actions



FY16 Forecast

| | |
|----------------|----------|
| Sales (w/ MV) | \$3.397 |
| Per Income | \$2.983 |
| Mineral Rev | \$0.662 |
| Corp/Oth. Busi | \$0.512 |
| Gaming | \$0.922 |
| Motor Fuels | \$0.617 |
| Ins Premiums | \$0.594 |
| Per Excise | \$0.318 |
| Other Vehicle | \$0.217 |
| Misc | \$0.466 |
| <hr/> | |
| Total | \$10.689 |
| { \$Bils } | |
| Dedications | -\$2.477 |
| General Fund | \$8.212 |



Total State Tax Receipts (REC-based)

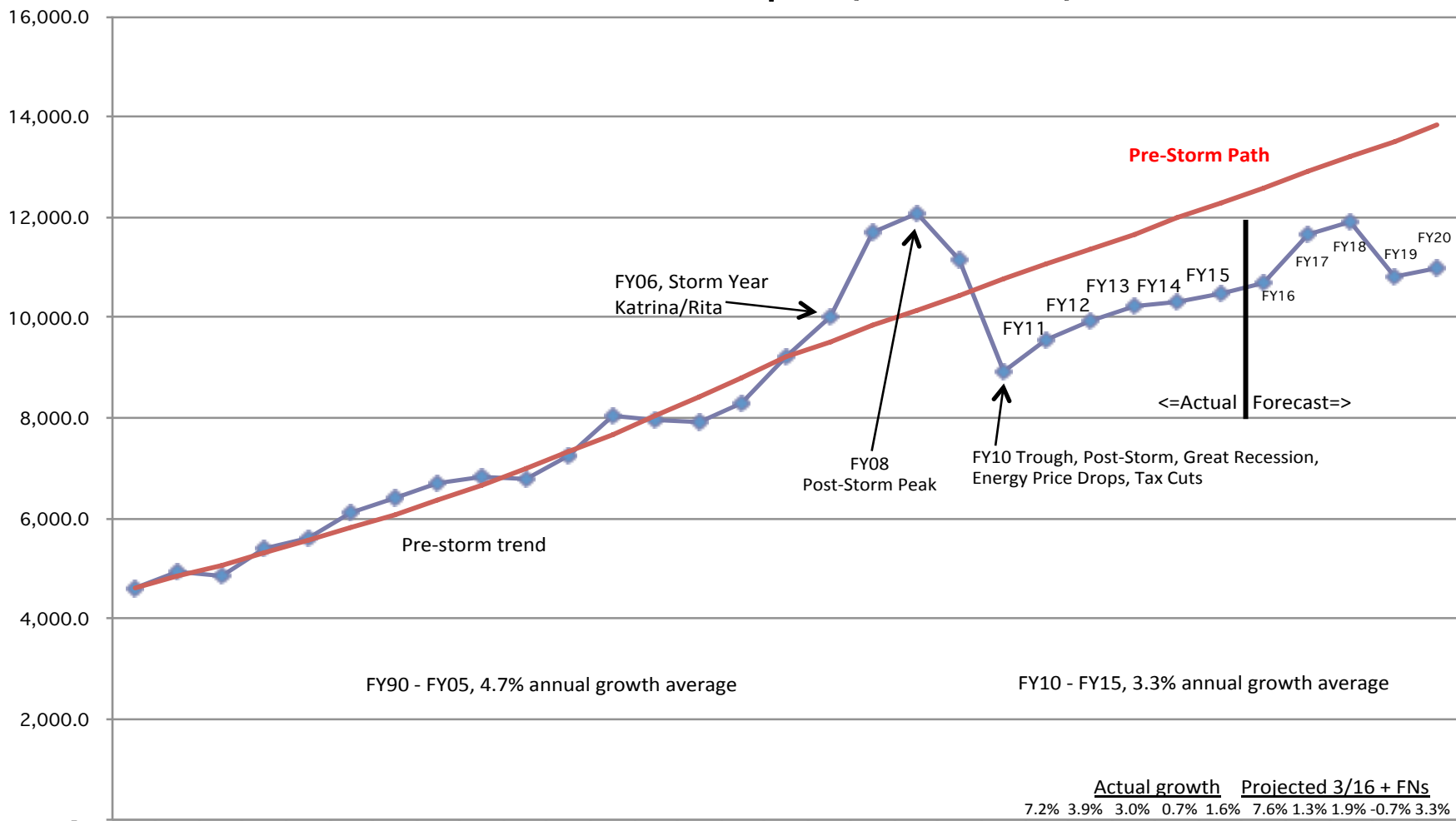




Table 1
Summary of Major Revenue Bills, 2015 Session
(in millions)

| | <u>FY16</u> | <u>Duration</u> | <u>Applicable</u> | <u>Recoupment</u> |
|--|-------------|--|--------------------------|-------------------|
| Act 125 / HB 629 Income & Franchise Tax Credits Cut 28% | \$31.5 | 3 years | All Returns From July 1 | 3 years |
| Act 123 / HB 624 Corporate Income Tax Exclusions and Deductions Cut 28% | \$122.0 | 3 years | All Returns From July 1 | 3 years |
| Act 133 / HB 805 Five Year Carry-forward of 25% of Inventory Credit | \$129.0 | Permanent | All Returns From July 1 | None |
| HCR 8 Suspend Business Utilities Exemption to 1% of Sales Tax | \$107.2 | 8/27/16 | Transactions From July 1 | None |
| Act 94 / HB 119 Increase Cigarette Tax by 50¢ / pack plus vapor products | \$106.4 | Permanent | Transactions From July 1 | None |
| Act 109 / HB 402 Equalize Credit for Taxes Paid to Other States | \$34.0 | 3 years | All Returns From July 1 | 3 years |
| Act 103 / HB 218 Eliminate Net Operating Loss Carry-Backs | \$29.0 | Permanent | All Returns From July 1 | None |
| Act 131 / HB 779 Cap Solar Tax Credit Program | \$19.0 | Permanent | All Claims From Jan 1 | None |
| Act 126 / HB 635 Enterprise Zone Restrictions | \$5.0 | Permanent | All Claims From July 1 | None |
| Act 134 / HB 829 Modify / Cap Film Tax Credit Program | \$77.0 | 3 years | All Claims From July 1 | None |
| Act 110 / HB 445 Certificates Of Title Tax Increase | \$59.5 | Permanent | Transactions From July 1 | None |
| Act 147 / SB 271 Reduce Motor Fuels Tax Remittance Discounts | \$6.0 | Permanent | Transactions From July 1 | None |
| Act 109 / SB 93 Prohibits Education Credit If Tuition Deduction Taken | \$2.3 | Permanent | From Tax Year 2015 | None |
| Interaction Between Act 123 and Act 103 | (\$8.0) | | | |
| Total Additional Revenue Generated | \$719.9 | plus \$46.8 million in new fees = \$766.6M new money raised | | |
| HCR 8 Business Utilities Sales Tax Dedicated To Tourism District | (\$4.2) | | | |
| Act 147 / SB 271 Motor Fuels Discounts Dedicated To TTF | (\$6.0) | | | |
| Act 94 / HB 119 Tobacco Tax Dedicated To Medicaid Fund | (\$106.4) | | | |
| Tobacco Tax Reduces Existing Dedications | \$2.2 | | | |
| Act 109 / SB 93 Higher Education Initiatives Fund Dedication | (\$350.0) | | | |
| Net Additional General Fund Revenue | \$255.5 | | | |

| Description | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---------------|---------------|---------------|---------------|---------------|
| Total Adjustments To Major State Tax, License And Fee Estimates | \$719,882,500 | \$605,770,000 | \$587,770,000 | \$328,670,000 | \$311,970,000 |



**Summary of Major Revenue Bills, 2016 ES1 Session
(in millions)**

| | | <u>FY16</u> | <u>FY17</u> | <u>FY18</u> | <u>Duration</u> | <u>Effective</u> |
|----------------|---|-------------|-------------|-------------|-----------------|------------------|
| Act 13 / HB 27 | Beer, Wine, Liquor Excise Tax Rate Increases | \$4.7 | \$19.2 | \$19.3 | Permanent | April 1, 2016 |
| Act 14 / HB 39 | Auto Rental Excise Tax | \$0.8 | \$5.0 | \$5.0 | Permanent | April 1, 2016 |
| Act 12 / HB 19 | Extend Corporate Franchise Tax To LLCs etc | \$0.0 | \$10.3 | \$89.3 | Permanent | January 1, 2017 |
| Act 26 / HB 62 | New 1% Sales Tax Rate | \$214.2 | \$880.6 | \$880.6 | 6/30/18 | April 1, 2016 |
| Act 25 / HB 61 | Remove Exemptions From Sales Tax | \$66.7 | \$272.3 | \$272.3 | 6/30/18 | April 1, 2016 |
| Act 19 / HB 72 | Renew Sales Tax On Interstate Telecomm Services | \$0.9 | \$3.4 | \$3.4 | Permanent | April 1, 2016 |
| Act 14 / HB 14 | Tobacco Tax Rate Increase | \$11.0 | \$46.0 | \$46.0 | Permanent | April 1, 2016 |
| Act 10 / HB 87 | Premium Tax Credit Reduction | \$0.0 | \$8.3 | \$8.6 | 6/30/18 | FY17 & FY18 |
| Various | Reduce Vendor Compensation/Discounts | \$4.3 | \$17.2 | \$17.2 | Permanent | April 1, 2016 |
| Act 18 / HB 71 | Enterprise Zone Restrictions | \$0.0 | \$0.0 | \$2.0 | Permanent | April 1, 2016 |
| | Total Additional Tax Revenue Generated | \$302.6 | \$1,262.3 | \$1,343.7 | | |
| Various | Dedications | (\$2.0) | (\$3.2) | (\$3.2) | | |
| | Net Additional General Fund Tax Revenue | \$300.7 | \$1,259.1 | \$1,340.5 | | |
| | Use of Budget Stabilization Fund | \$128.5 | \$0.0 | \$0.0 | | |
| | BP Settlement Initial Payment | \$200.0 | \$0.0 | \$0.0 | | |
| | Total Additional General Fund Revenue | \$629.1 | \$1,259.1 | \$1,340.5 | | |

| Description | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|---------------|-----------------|-----------------|---------------|---------------|---------------|
| STATE GENERAL FUND-DIRECT REVENUE FORECAST | \$300,669,000 | \$1,259,115,000 | \$1,340,475,000 | \$228,575,000 | \$200,675,000 | \$224,875,000 |

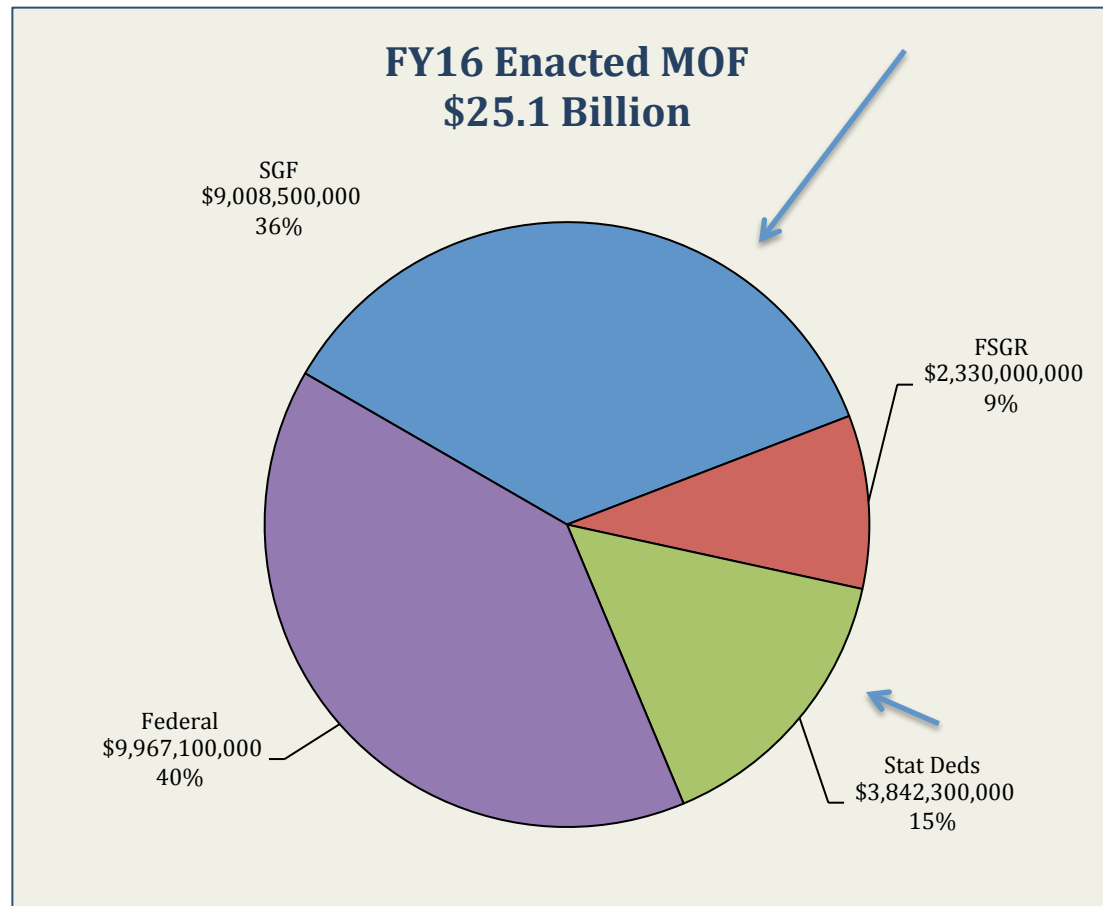
FY16 and FY17 Budget Review

Sherry Phillips-Hymel
Chief Budget Analyst and Division Director
Louisiana Senate Fiscal Services

Presentation To
Task Force on Structural Changes in Budget and Tax Policy
April 1, 2016

FY16 Enacted Total Means of Finance

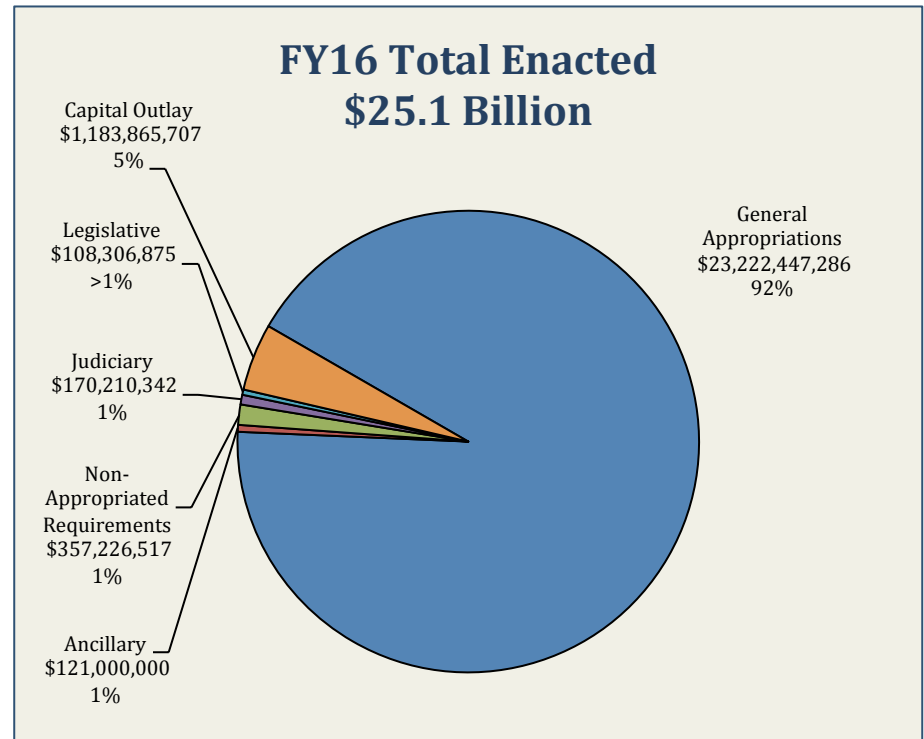
Means of Finance for the FY16 Enacted Total State Budget includes: ➤ \$9.0 billion State General Fund; \$2.3 billion Fees and Self-generated Revenues; \$3.8 billion for Statutory Dedications; and over \$9.9 billion Federal.



Total State Budget

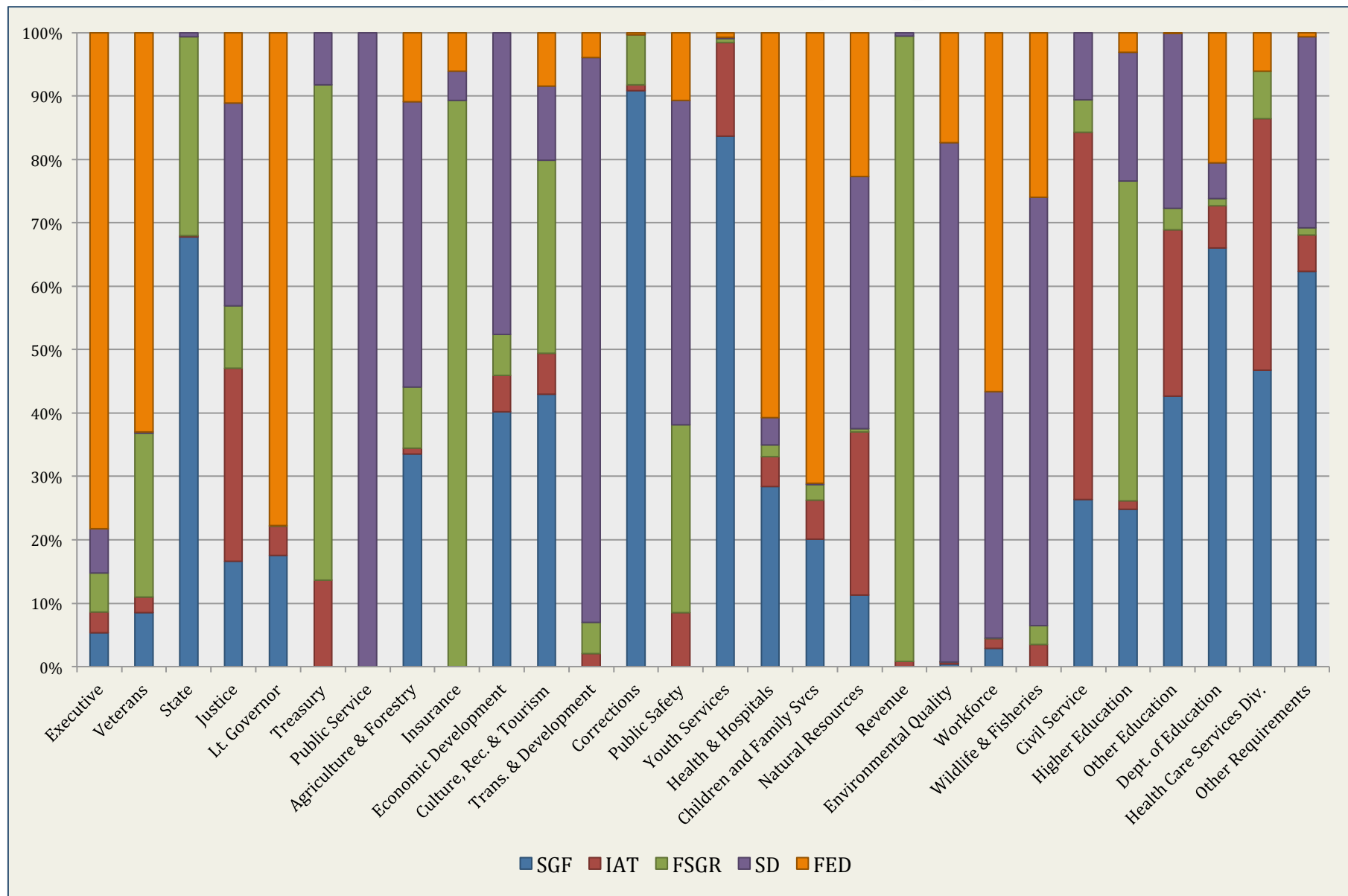
Louisiana's Total State Budget is made up of the following:

- Operating Budget for ordinary expenses (General Appropriation)
- Ancillary Expenses
- Cash Capital Outlay
- Non-appropriated Items
- Judicial Expenses
- Legislative Expenses
- Special Acts



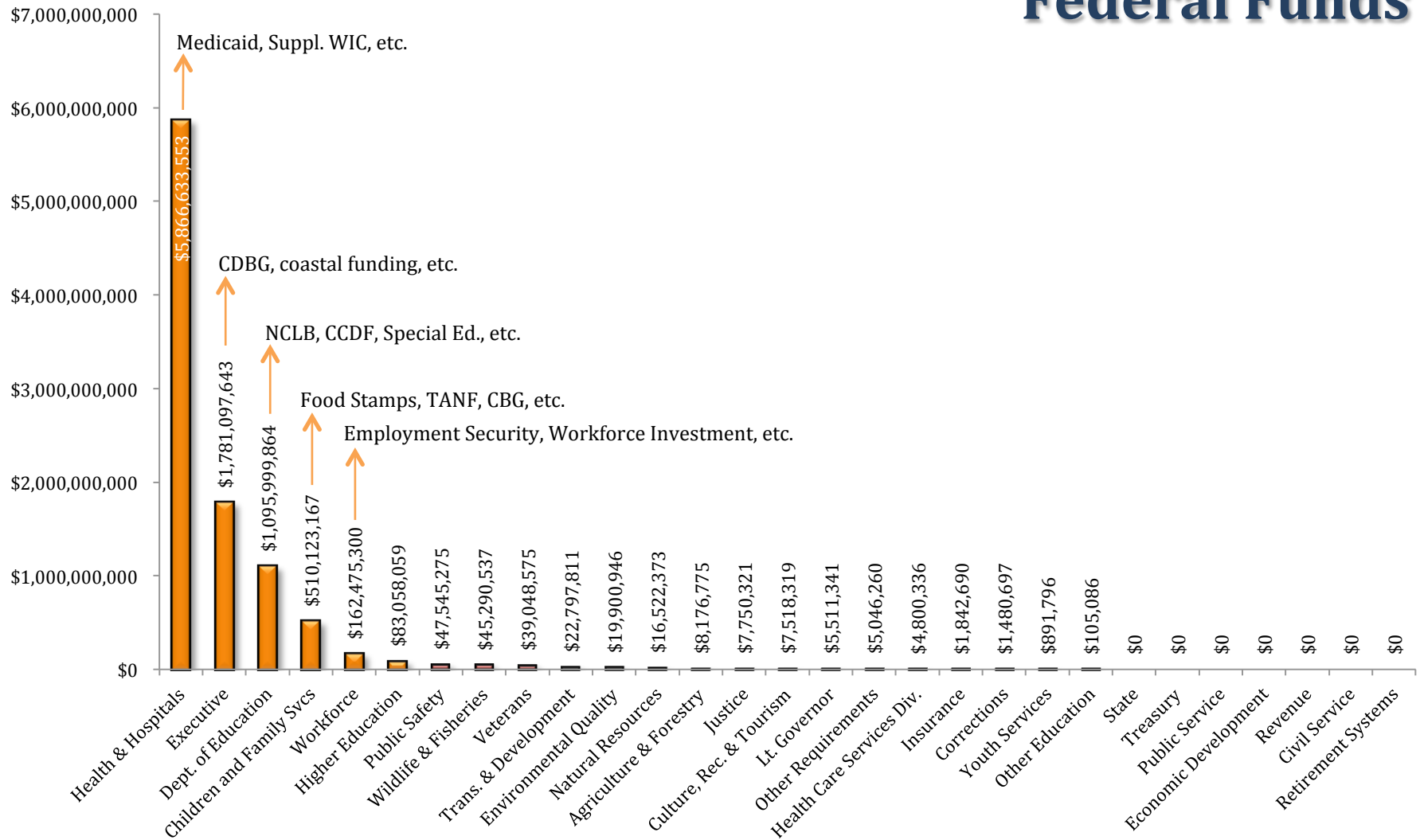
Combined, the FY16 Total State Budget as appropriated was roughly \$25.1 billion, excluding interagency transfers and other double counts.

FY16 Enacted — All MOF by Department*



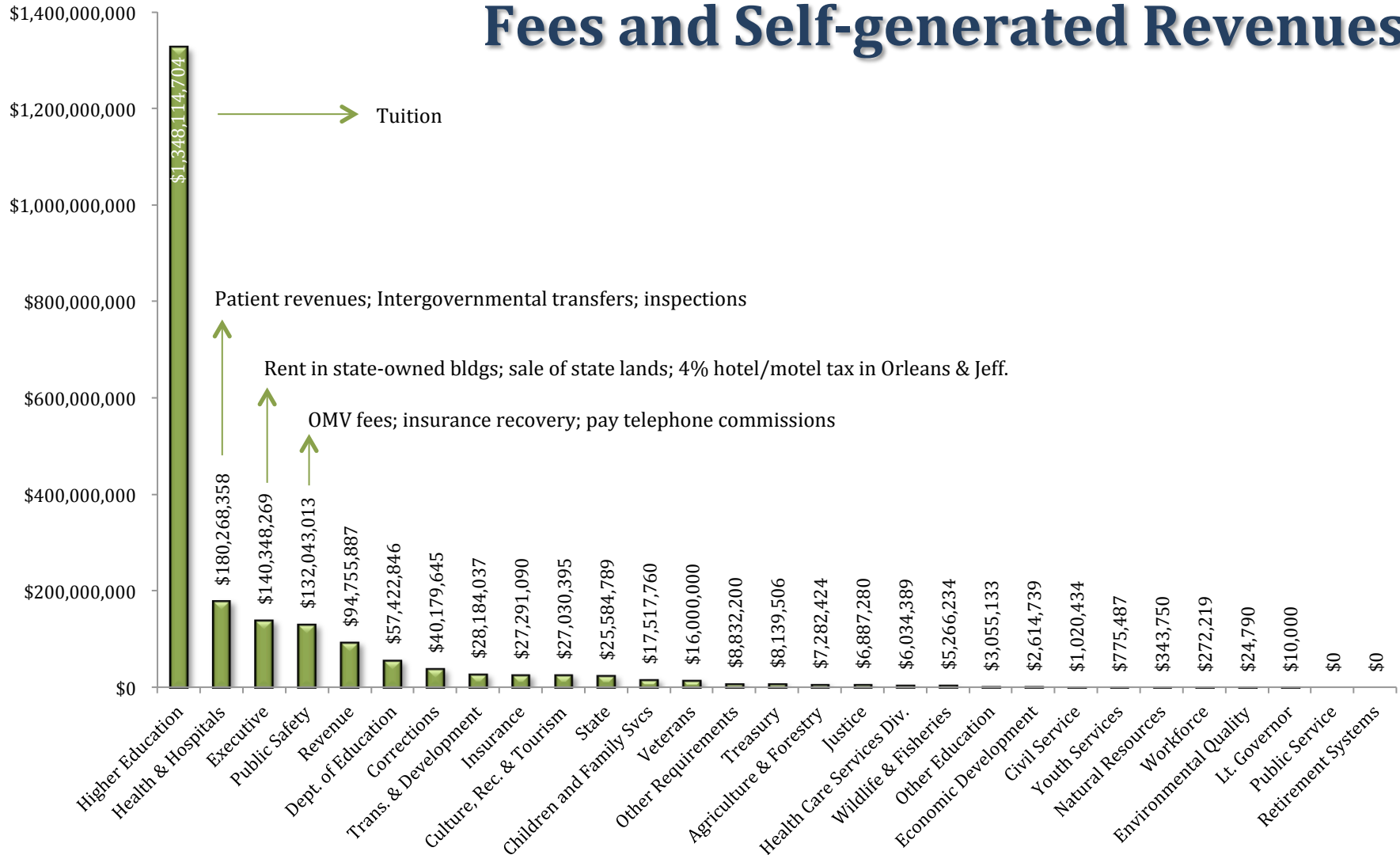
*HB1 only.

FY16 Enacted Means of Finance by Department* Federal Funds

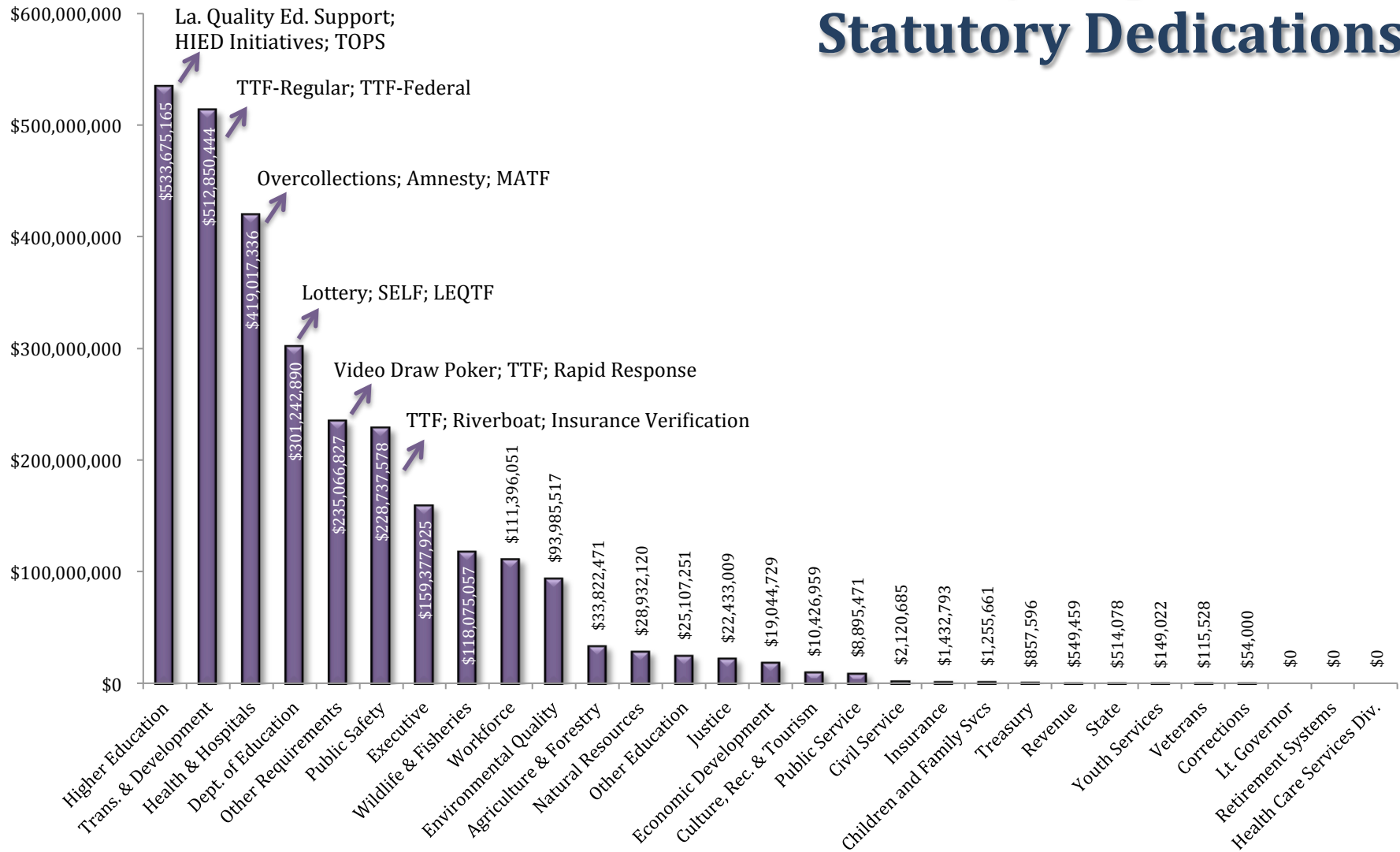


*HB1 only.

FY16 Enacted Means of Finance by Department* Fees and Self-generated Revenues



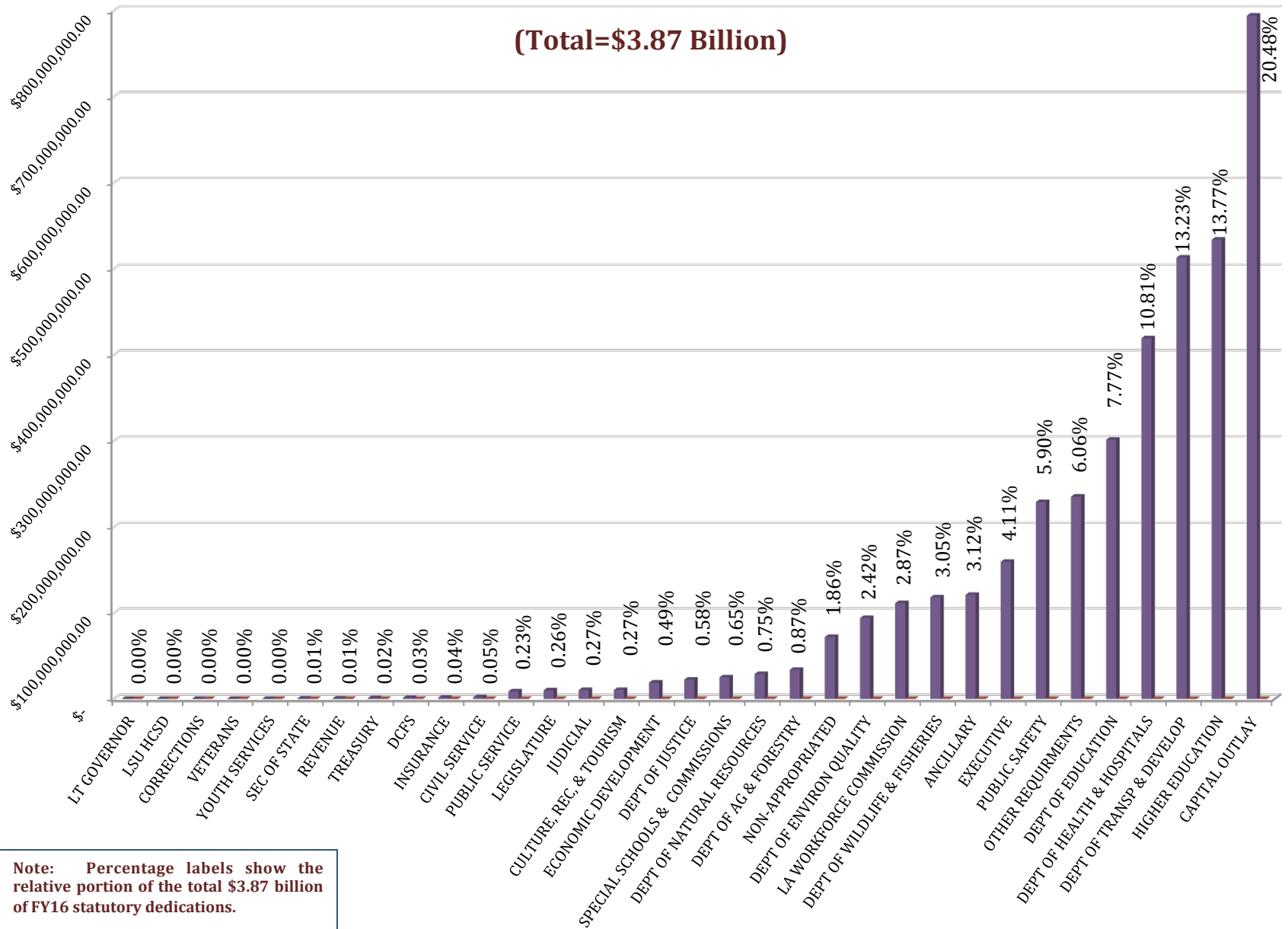
FY16 Enacted Means of Finance by Department* Statutory Dedications



*HB1 only.

Total Statewide Distribution of Statutory Dedications at Appropriated for FY 2016

(Total=\$3.87 Billion)



Note: Percentage labels show the relative portion of the total \$3.87 billion of FY16 statutory dedications.

- **The prior charts show that the majority of all dedications are appropriated to capital outlay, Higher Education, DOTD, DHH, and K-12 Education — these areas together are roughly 66 percent of the \$3.9 billion appropriated for FY16.**
- **The remaining 34 percent is spread across over 20 other budget units.**
 - In several cases, some departments may receive a small portion of the overall dedication budget, but what they do receive may represent a large portion of their own individual total means of financing.
 - For example, the Department of Wildlife and Fisheries represents 3.05 percent of the total statewide distribution of dedications, but dedications make up 67.6 percent (\$118.1 million) of the department's total means of financing (\$174.7 million).
 - Funding sources for these dedications include fees, licenses, permits, royalties, and other revenue.

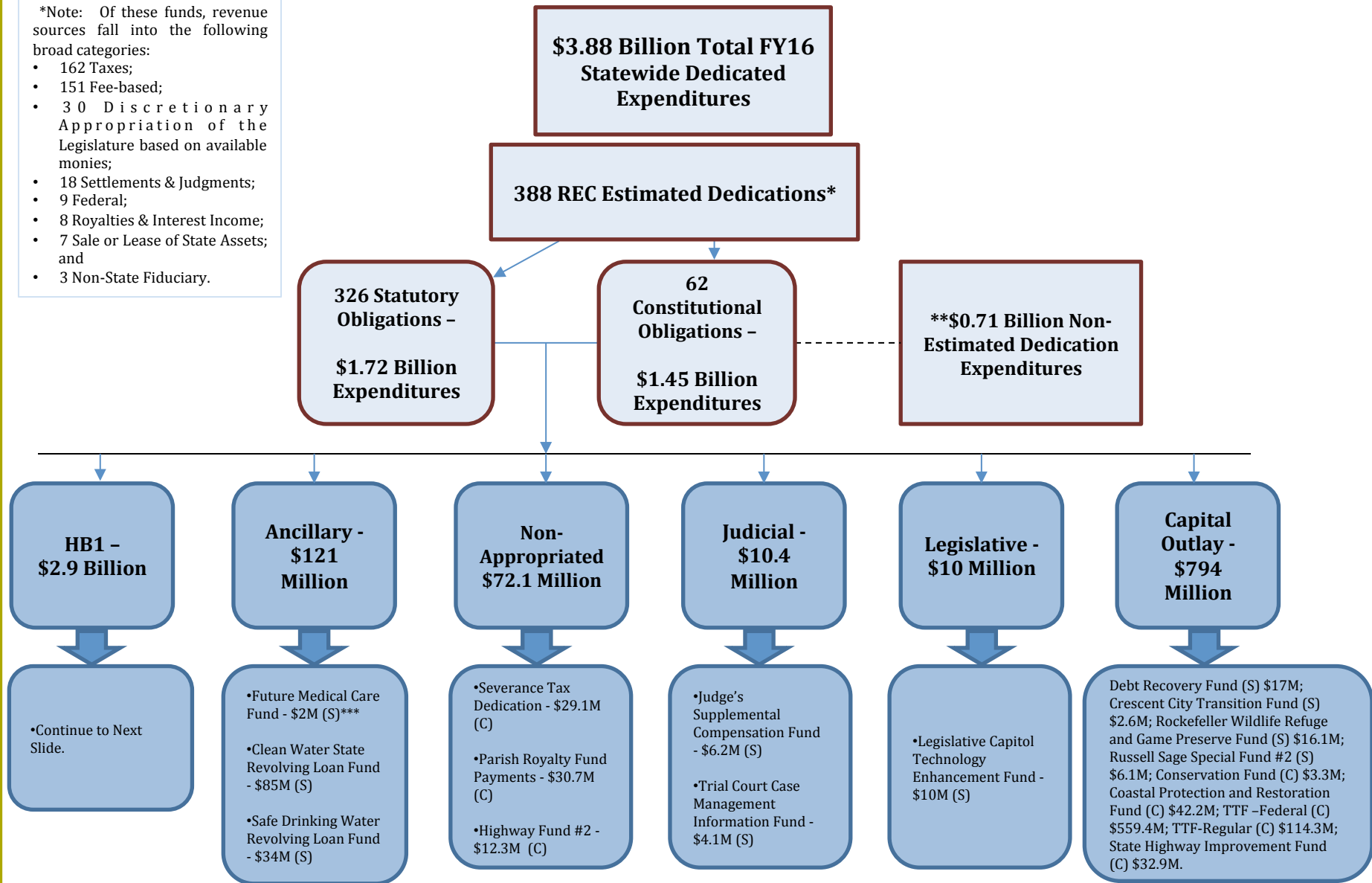
Statutory and Constitutional Dedications

- **Except for a few funds, even constitutional funds are subject to a potential 5 percent reduction.**
 - The ones that aren't are the Bond Security and Redemption Fund; severance and royalty allocations under Article VII, Section 4 (D) and (E); retirement contributions under Article X, Section 29 (E); Louisiana Education Quality Trust Fund; Millennium Trust; monies not required to be deposited in the State Treasury; and Medicaid Trust Fund for the Elderly.
 - Many dedicated funds, including constitutional funds, have been used to eliminate mid-year deficits (e.g., roughly \$46 million in TTF reduced from capital outlay in November 2015).
- **Annual deliberation on the Executive Budget includes review of dedicated funds.**
 - Additionally, there have been statutorily created reviews on the same subject matter.
- **Several dedicated funds have been subject to transfers as contained in the Funds Bill, as provided by law. According to a recent audit report on the subject matter, over \$530 million has been transferred from dedicated funds since 2011.**

FY16 @ Appropriated – Dedication Flow Chart

*Note: Of these funds, revenue sources fall into the following broad categories:

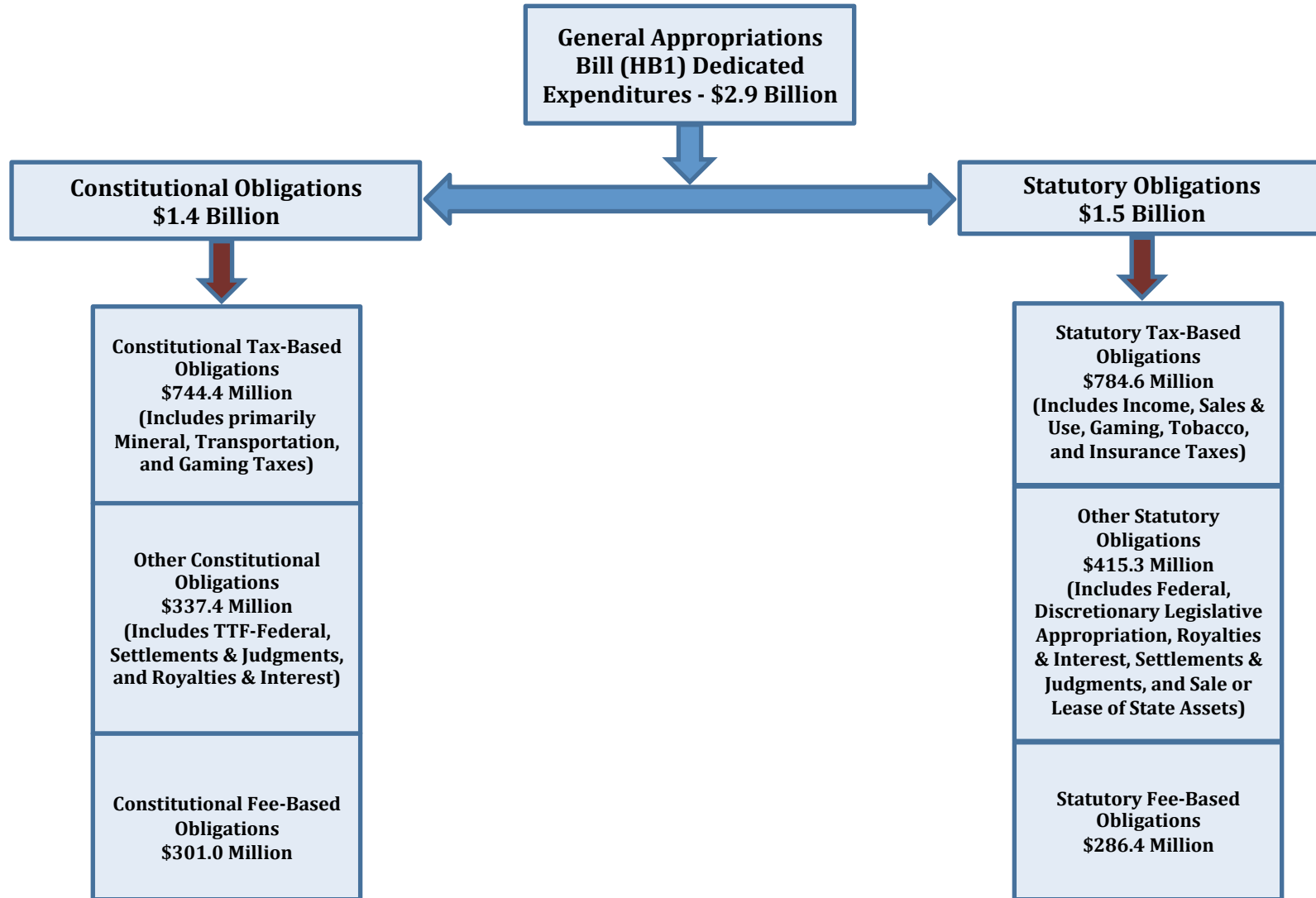
- 162 Taxes;
- 151 Fee-based;
- 30 Discretionary Appropriation of the Legislature based on available monies;
- 18 Settlements & Judgments;
- 9 Federal;
- 8 Royalties & Interest Income;
- 7 Sale or Lease of State Assets; and
- 3 Non-State Fiduciary.



**Note: Federal monies and some capital outlay are not estimated by the REC.

***Note: "S" and "C" denote whether a fund is associated with a statutory or constitutional obligation.

FY16 @ Appropriated Dedication Flow Chart



FY16 @ Appropriated – Dedication Flow Chart

General Appropriations Bill (HB1 continued)

Allocation of Constitutional Revenue Sources

**FY16 @ Appropriated by Department -
Constitutional Fees (HB1 Only)**

| | | |
|--------------|----------------------|----------------|
| DHH | \$189,865,163 | 63.07% |
| DNR | \$8,403,243 | 2.79% |
| DWF | \$102,767,858 | 34.14% |
| TOTAL | \$301,036,264 | 100.00% |

**FY16 @ Appropriated by Department -
Constitutional Taxes (HB1 Only)**

| | | |
|-------------------|----------------------|----------------|
| EXECUTIVE | \$80,665,138 | 10.84% |
| DOTD | \$376,680,557 | 50.60% |
| PUBLIC SAFETY | \$63,210,000 | 8.49% |
| DEPT OF EDUCATION | \$177,400,000 | 23.83% |
| OTHER REQ. | \$46,437,159 | 6.24% |
| TOTAL | \$744,392,854 | 100.00% |

**FY16 @ Appropriated by Department -
Constitutional Other Sources (Federal,
Royalties & Interest, Settlements &
Judgments, Non-State) (HB1 Only)**

| | | |
|-----------------|----------------------|----------------|
| EXEC | \$10,038,717 | 2.98% |
| DOJ | \$2,148,200 | 0.64% |
| TREAS | \$728,915 | 0.22% |
| DOTD | \$132,471,400 | 39.26% |
| PUBLIC SAFETY | \$1,865,924 | 0.55% |
| DHH | \$42,249,126 | 12.52% |
| DNR | \$176,557 | 0.05% |
| DEQ | \$156,145 | 0.05% |
| DWF | \$270,850 | 0.08% |
| HIED | \$93,308,904 | 27.65% |
| SPECIAL SCHOOLS | \$24,888,471 | 7.38% |
| DEPT OF ED | \$14,129,936 | 4.19% |
| OTHER REQ. | \$15,000,000 | 4.45% |
| TOTAL | \$337,433,145 | 100.00% |

FY16 @ Appropriated – Dedication Flow Chart

General Appropriations Bill (HB1 continued)

Allocation of Statutory Revenue Sources

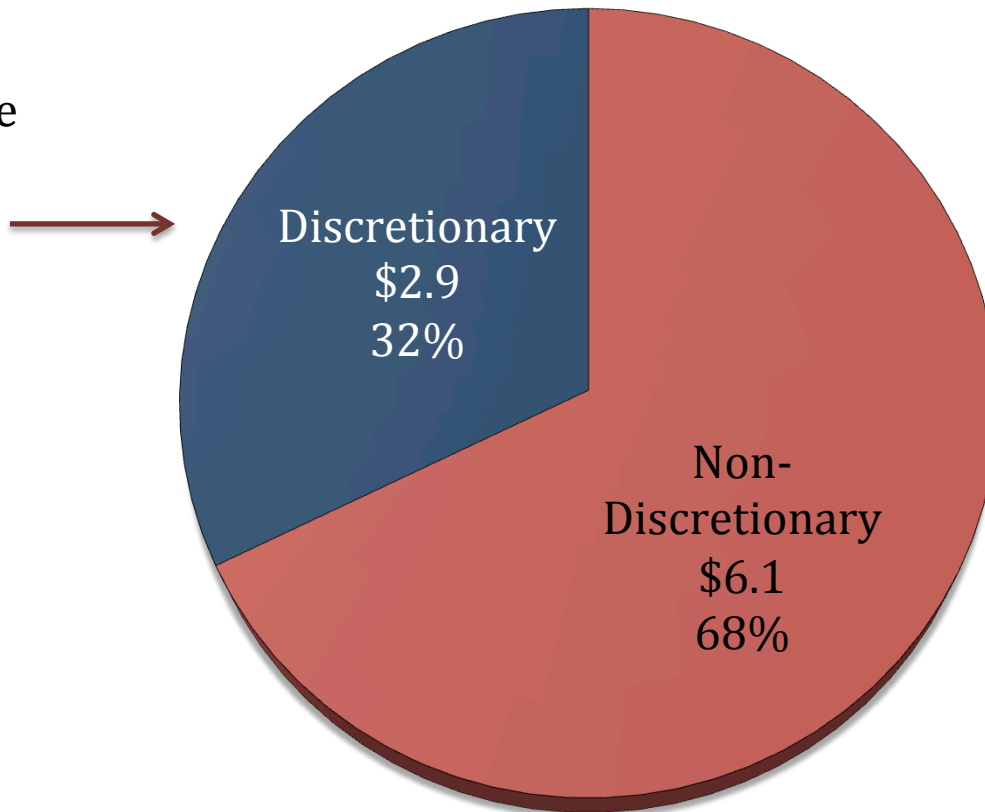
| FY16 @ Appropriated by Department - Statutory Fees (HB1 Only) | | |
|--|----------------------|----------------|
| EXEC | \$5,081,842 | 1.77% |
| DOJ | \$3,028,820 | 1.06% |
| TREAS | \$128,681 | 0.04% |
| PUBLIC SERVICE | \$8,895,471 | 3.11% |
| DAF | \$33,822,471 | 11.81% |
| DED | \$300,000 | 0.10% |
| CRT | \$10,426,959 | 3.64% |
| DOTD | \$3,698,487 | 1.29% |
| PUBLIC SAFETY | \$100,804,068 | 35.20% |
| DHH | \$4,599,508 | 1.61% |
| DCFS | \$626,463 | 0.22% |
| DNR | \$11,083,657 | 3.87% |
| DEQ | \$86,256,350 | 30.12% |
| LWC | \$3,746,622 | 1.31% |
| DWF | \$4,519,935 | 1.58% |
| HIED | \$400,000 | 0.14% |
| OTHER REQ. | \$8,936,976 | 3.12% |
| TOTAL | \$286,356,310 | 100.00% |

| FY16 @ Appropriated by Department - Statutory Taxes (HB1 Only) | | |
|---|----------------------|----------------|
| EXEC | \$61,558,007 | 7.85% |
| DEPT OF STATE | \$113,078 | 0.01% |
| DOJ | \$7,026,528 | 0.90% |
| INSURANCE | \$1,205,793 | 0.15% |
| DED | \$18,744,729 | 2.39% |
| PUBLIC SAFETY | \$63,060,608 | 8.04% |
| DHH | \$178,302,706 | 22.72% |
| REVENUE | \$549,459 | 0.07% |
| LWC | \$107,649,429 | 13.72% |
| CIV SERV | \$2,120,685 | 0.27% |
| HIED | \$89,906,261 | 11.46% |
| DEPT OF ED | \$109,712,954 | 13.98% |
| OTHER REQ. | \$144,692,692 | 18.44% |
| TOTAL | \$784,642,929 | 100.00% |

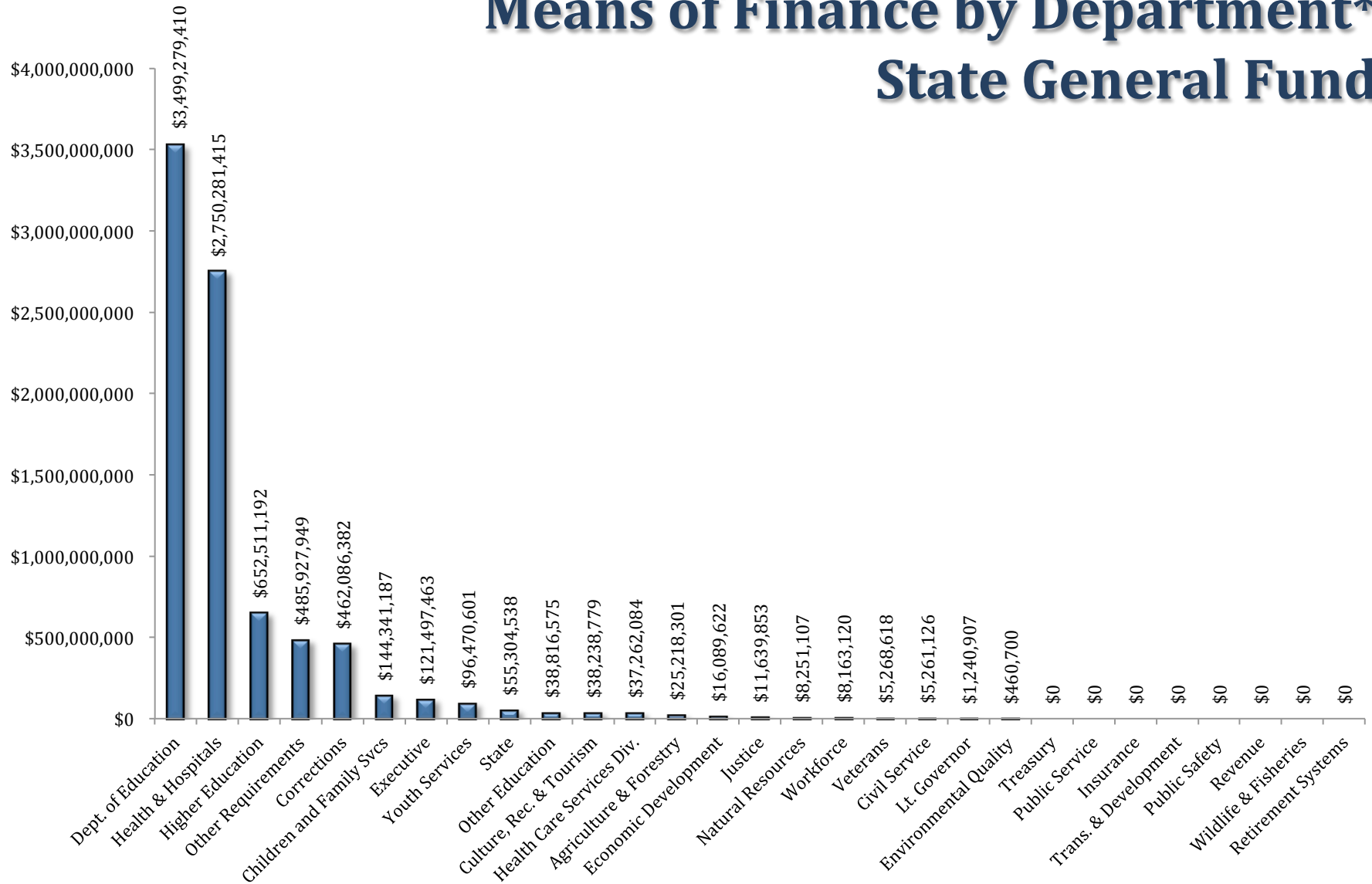
| FY16 @ Appropriated by Department - Statutory Other Sources (Discretionary Appropriation, Federal, Settlements & Judgments, Sale or Lease of State Property, Royalties & Interest (HB1 Only)) | | |
|---|----------------------|----------------|
| EXEC | \$2,034,221 | 0.49% |
| VETS | \$115,528 | 0.03% |
| DEPT OF STATE | \$401,000 | 0.10% |
| DOJ | \$10,229,461 | 2.46% |
| INSURANCE | \$227,000 | 0.05% |
| DHH | \$4,000,833 | 0.96% |
| DCFS | \$629,198 | 0.15% |
| DNR | \$9,268,663 | 2.23% |
| DEQ | \$7,573,022 | 1.82% |
| DWF | \$10,516,414 | 2.53% |
| HIED | \$350,060,000 | 84.30% |
| SPECIAL SCHOOLS | \$218,780 | 0.05% |
| OTHER REQ. | \$20,000,000 | 4.82% |
| TOTAL | \$415,274,120 | 100.00% |

Discretionary/Non-Discretionary State General Fund FY16 (in \$ billions)

Reductions are
applied to the
discretionary
total of \$2.9
billion first.



FY16 Enacted Means of Finance by Department* State General Fund

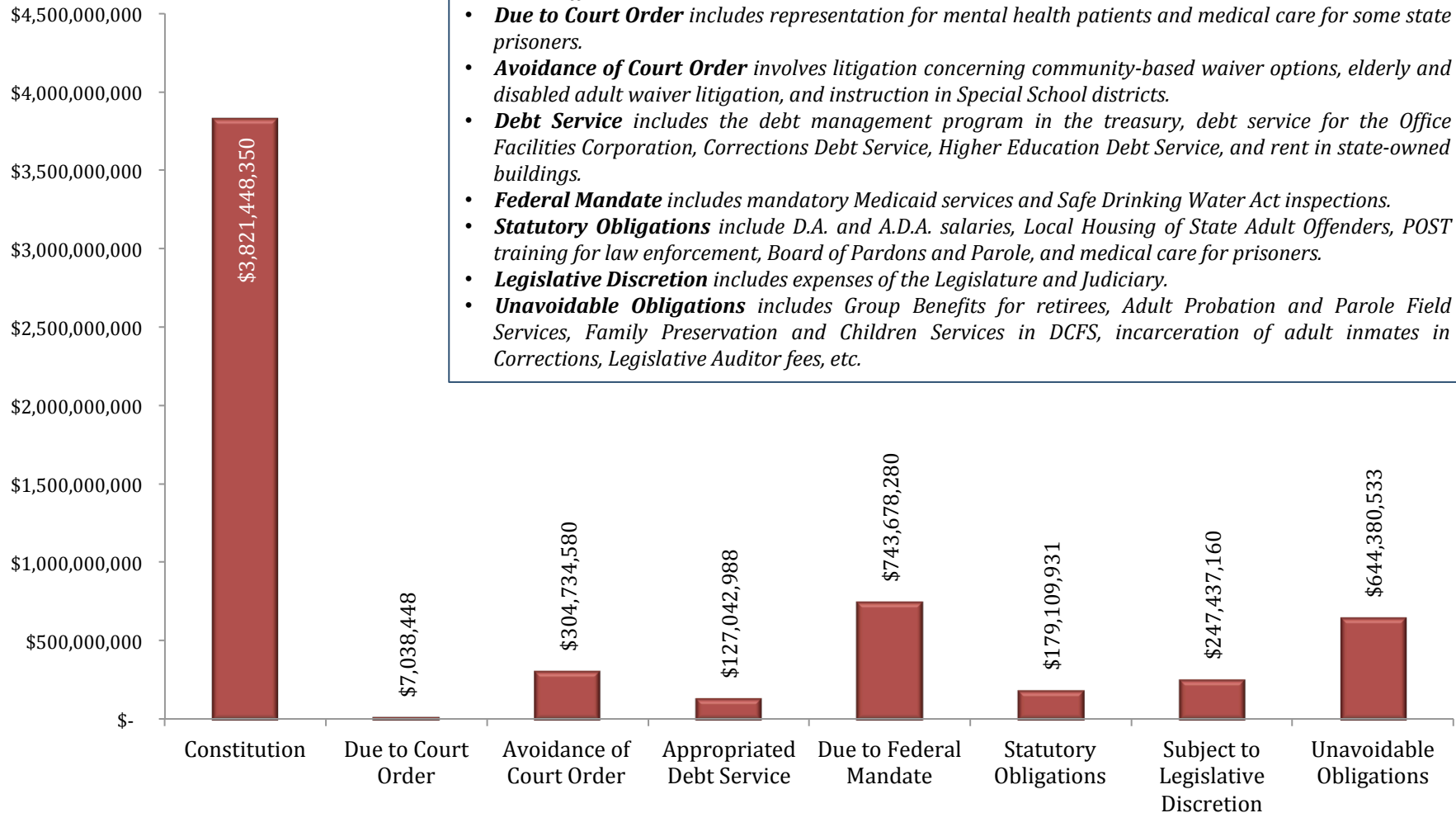


*HB1 only.

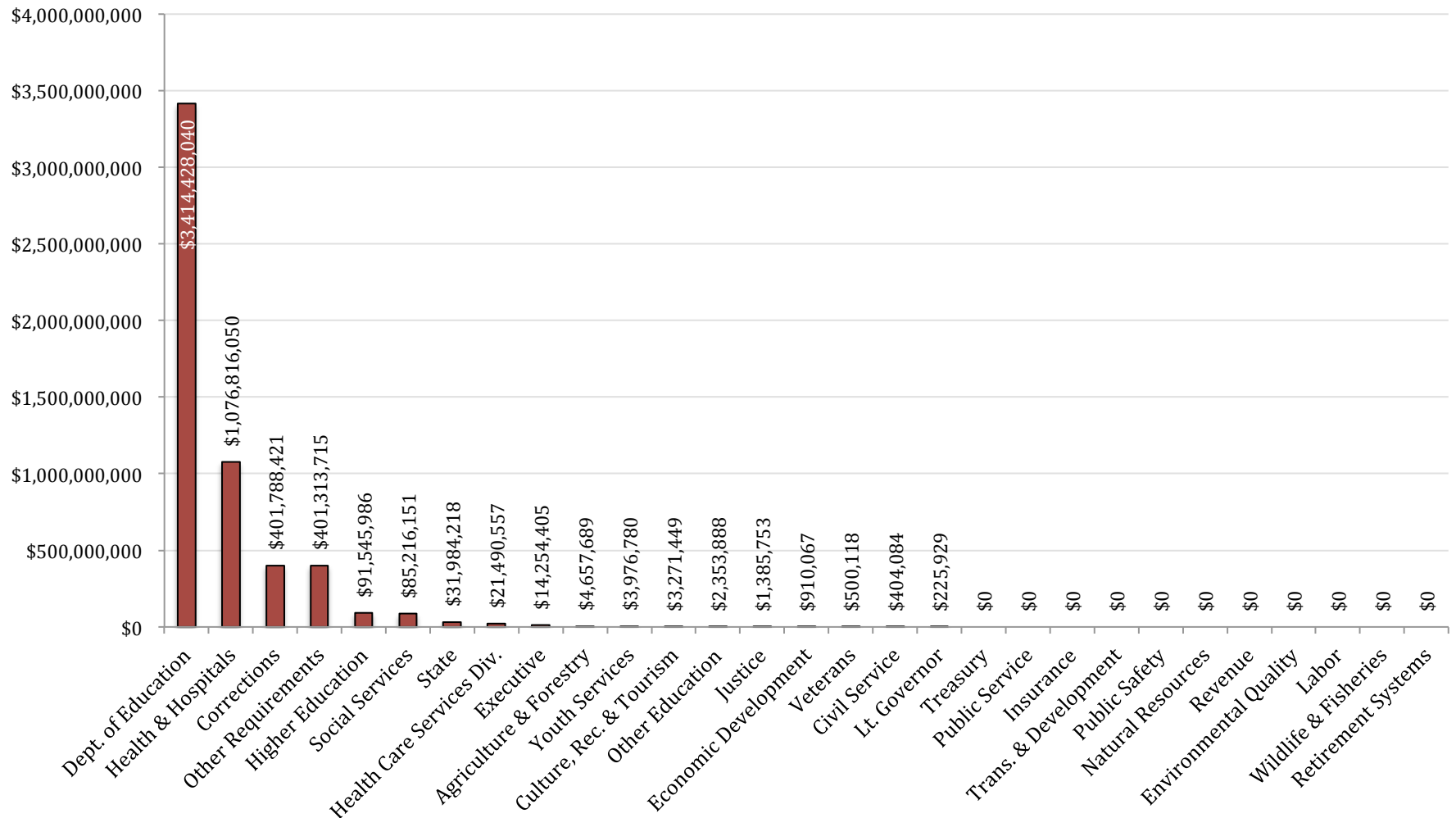
FY16 Enacted

Non-Discretionary SGF by Requirement Categories

- **Constitution** requirements include MFP, costs of elections and ballot printing, salaries of statewide elected officials, etc.
- **Due to Court Order** includes representation for mental health patients and medical care for some state prisoners.
- **Avoidance of Court Order** involves litigation concerning community-based waiver options, elderly and disabled adult waiver litigation, and instruction in Special School districts.
- **Debt Service** includes the debt management program in the treasury, debt service for the Office Facilities Corporation, Corrections Debt Service, Higher Education Debt Service, and rent in state-owned buildings.
- **Federal Mandate** includes mandatory Medicaid services and Safe Drinking Water Act inspections.
- **Statutory Obligations** include D.A. and A.D.A. salaries, Local Housing of State Adult Offenders, POST training for law enforcement, Board of Pardons and Parole, and medical care for prisoners.
- **Legislative Discretion** includes expenses of the Legislature and Judiciary.
- **Unavoidable Obligations** includes Group Benefits for retirees, Adult Probation and Parole Field Services, Family Preservation and Children Services in DCFS, incarceration of adult inmates in Corrections, Legislative Auditor fees, etc.

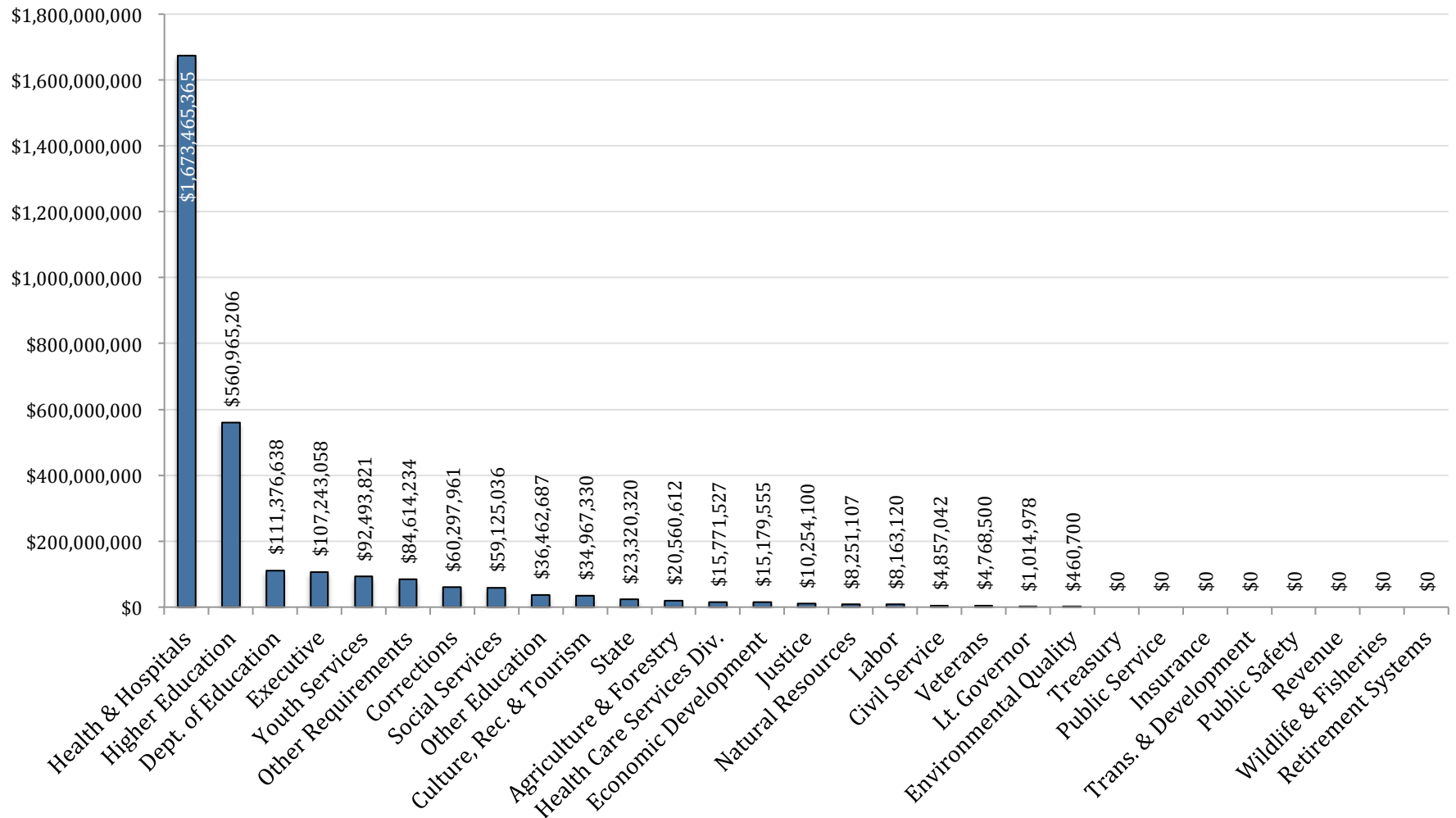


FY16 Enacted Non-Discretionary SGF by Department*



*HB1 only.

FY16 Enacted Discretionary SGF by Department*



*HB1 only.

Comparative Statewide Revenue and Expenditure History

Statewide Revenue History

| Means of Finance | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 (Existing Operating Budget 12/01/2015) |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--|
| State General Fund | \$ 11,326,466,477 | \$ 10,370,056,793 | \$ 8,574,771,864 | \$ 7,768,255,500 | \$ 8,347,518,198 | \$ 8,529,528,922 | \$ 8,415,700,000 | \$ 8,621,700,000 | \$ 8,541,300,000 |
| Fees and Self-generated Revenues | \$ 1,237,953,868 | \$ 1,358,302,568 | \$ 1,428,207,083 | \$ 1,560,587,300 | \$ 1,994,373,656 | \$ 2,046,493,260 | \$ 2,128,000,000 | \$ 2,222,700,000 | \$ 2,362,300,000 |
| Statutory Dedications | \$ 4,104,174,611 | \$ 3,309,387,716 | \$ 3,432,125,524 | \$ 4,027,699,709 | \$ 3,639,622,216 | \$ 4,113,484,902 | \$ 4,233,600,000 | \$ 4,310,900,000 | \$ 4,079,200,000 |
| Federal | \$ 12,883,328,708 | \$ 10,951,001,370 | \$ 11,771,791,862 | \$ 10,918,294,287 | \$ 9,745,573,269 | \$ 9,520,946,163 | \$ 8,993,400,000 | \$ 8,762,300,000 | \$ 9,957,600,000 |
| TOTAL | \$29,551,923,664 | \$25,988,748,447 | \$25,206,896,333 | \$24,274,836,796 | \$23,727,087,339 | \$24,210,453,247 | \$23,770,700,000 | \$23,917,600,000 | \$24,940,400,000 |
| Means of Finance | | | | | | | | | |
| All State Funds | \$16,668,594,956 | \$15,037,747,077 | \$13,435,104,471 | \$13,356,542,509 | \$13,981,514,070 | \$14,689,507,084 | \$14,777,300,000 | \$15,155,300,000 | \$14,982,800,000 |
| Federal Funds | \$12,883,328,708 | \$10,951,001,370 | \$11,771,791,862 | \$10,918,294,287 | \$ 9,745,573,269 | \$ 9,520,946,163 | \$ 8,993,400,000 | \$ 8,762,300,000 | \$ 9,957,600,000 |
| Total | \$29,551,923,664 | \$25,988,748,447 | \$25,206,896,333 | \$24,274,836,796 | \$23,727,087,339 | \$24,210,453,247 | \$23,770,700,000 | \$23,917,600,000 | \$24,940,400,000 |

Statewide Expenditure History

| Expenditures | FY08 Actual | FY09 Actual | FY10 Actual | FY11 Actual | FY12 Actual | FY13 Actual | FY14 Actual | FY 2015 Actual | FY 2016 (Existing Operating Budget 12/01/2015) |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--|
| General Appropriations Bill | \$ 25,976,019,376 | \$ 23,306,908,626 | \$ 22,413,212,566 | \$ 22,551,955,705 | \$ 21,648,195,941 | \$ 22,034,361,844 | \$ 21,820,600,000 | \$ 21,688,600,000 | \$ 23,033,900,000 |
| Ancillary Appropriations | \$ 39,805,944 | \$ 24,625,910 | \$ 74,889,200 | \$ 121,788,174 | \$ 73,655,861 | \$ 88,845,627 | \$ 92,400,000 | \$ 70,200,000 | \$ 121,000,000 |
| Non-Appropriated Requirements | \$ 506,774,017 | \$ 503,985,125 | \$ 482,683,641 | \$ 489,924,931 | \$ 531,430,288 | \$ 521,907,902 | \$ 752,000,000 | \$ 463,000,000 | \$ 357,200,000 |
| Judicial Expense | \$ 128,270,124 | \$ 135,597,511 | \$ 139,455,244 | \$ 141,731,972 | \$ 144,902,434 | \$ 149,170,053 | \$ 153,600,000 | \$ 162,000,000 | \$ 170,200,000 |
| Legislative Expense | \$ 72,248,382 | \$ 107,206,969 | \$ 77,807,677 | \$ 80,348,145 | \$ 85,981,512 | \$ 82,019,617 | \$ 83,200,000 | \$ 96,300,000 | \$ 93,100,000 |
| Special Acts | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Capital Outlay | \$ 1,874,259,433 | \$ 984,722,247 | \$ 2,126,825,374 | \$ 902,883,555 | \$ 1,129,700,496 | \$ 1,173,260,239 | \$ 1,036,100,000 | \$ 1,548,800,000 | \$ 1,183,900,000 |
| TOTAL EXPENDITURES | \$28,597,377,276 | \$25,063,046,388 | \$25,314,873,702 | \$24,288,632,482 | \$23,613,866,532 | \$24,049,565,282 | \$23,937,900,000 | \$24,028,900,000 | \$24,959,300,000 |
| Appropriated FTEs | 85,546 | 88,477 | 88,752 | 83,708 | 77,073 | 67,705 | 57,665 | 52,688 | 52,959 |

Note: Years FY08 through FY16 are taken from the Comparative Statements for each year prepared by the OPB in either the Executive Budget or the State Budget Documents.

Note: All budget numbers reflect total revenues and expenditures for state spending for that respective year. These exclude double-counts.

Note: For FY14, an undesignated cash balance of \$345,816,000 was recognized by the Joint Legislative Committee on the Budget. These funds resulted in a surplus being recognized for FY14 in the amount of \$178,511,565.

Note: The total deficit of FY15 was \$117.1 million due to an additional \$5.7 million transfer out. Source: Comparative Budget Statement.

Note: State employee FTE numbers are compiled from the Civil Service Report on State Employment. Numbers indicate employee levels at the start of the named fiscal year.

Reductions, Eliminations, Privatizations, Substitutions, and Consolidations over the Previous Eight Years

K-12

2.75 percent growth factor for the MFP eliminated in FY10 until FY14 Floor Amendment in the amount of \$69 million
Stipends for teachers
State Activity Programs for K-12/additional Math and Reading Programs
Non-public transportation funding

Higher Education

State General Fund support for Higher Education by a total of almost \$700 million
Tuition increases implemented
No Merit Increases for majority of Higher Education for several years

Public Safety and Corrections

Closure of adult prisons — Phelps Correctional Center, Dabadie Correctional Center, and Forcht-Wade Correctional Center
Reduction of over 230 positions in Motor Vehicles/Instituted Public Tag Agent program
Closure of Jetson Center for Youth

DHH

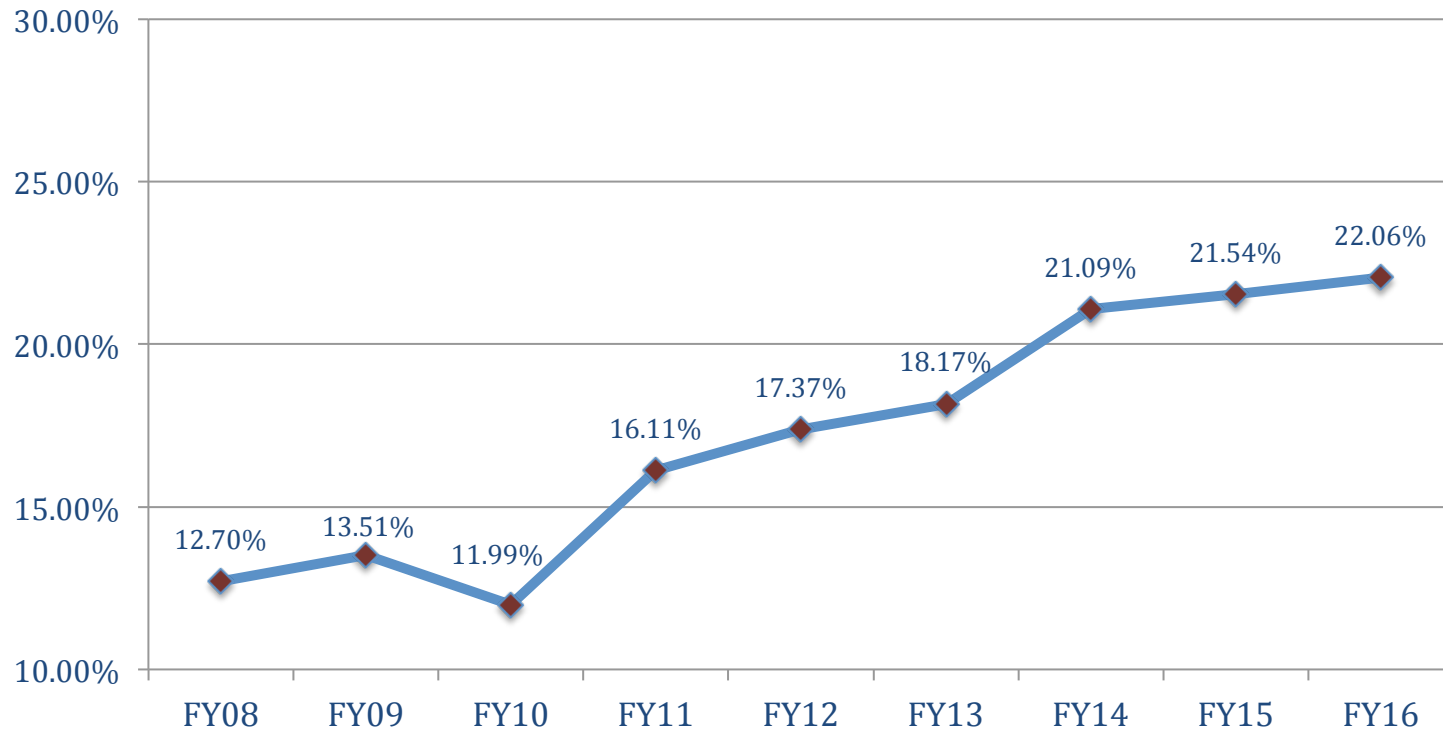
Privatization of Developmental Centers
Privatization of Public Hospitals
Closure of the Hainkel Home, New Orleans Adolescent Hospital, and Southeast Hospital

Statewide

Information Technology consolidated
Procurement Practices consolidated
Privatization of Risk Management
Consolidation of Human Capital Management
Funding adjustments for Group Benefits
Merit Increases eliminated

Comparison of Funding for Health Care Services to All State Spending

State Funding for Health Care Services in Proportion to Total State Funding in Louisiana's Budget



Shortfalls and Deficits

- Since FY09, the state has experienced mid-year reductions in forecasts, mandatory expenditures that have exceeded appropriated levels, and/or officially declared year-end deficits.

Year-end deficits:

| | |
|------|--|
| FY10 | \$107 million |
| FY11 | \$13.8 million |
| FY14 | \$167 million <i>operating deficit *</i> |
| FY15 | \$117 million |

**offset by recognition of excess funds in the Treasury resulting in a cash surplus of \$178 million.*

Mid-Year Budget Deficits:

| | |
|------|-----------------|
| FY09 | - \$341 million |
| FY10 | - \$566 million |
| FY11 | - \$107 million |
| FY12 | - \$471 million |
| FY13 | - \$166 million |
| FY14 | - \$31 million |

- Over the last two years (FY15 and FY16) the state has declared four mid-year deficits and a fiscal-year-end deficit.

Timeline:

Fiscal Years FY14, FY15, and FY16

| July 2014 | October 2014 | November 2014 | January 2015 | February 2015 | April 2015 |
|---|---|---|--|--|--|
| FY15 HB1 enacted GEMS savings required | FY14 Surplus announced Operating deficit offset by excess cash in the state treasury resulting in a \$178 m. surplus | First FY15 Deficit declared of \$171 million | Second FY15 Deficit declared of \$103.5 million | Projected FY15 shortfall of \$1.6 billion FY16 Budget and Revenue Proposals presented | FY15 Supplemental Needs announced |

Recurring Shortfalls: Efforts to Eliminate Deficit in Prior Session

\$1.6 Billion Shortfall for FY16

Expenditures not funded last session, specifically in the DHH budget, have materialized despite efforts to limit budget growth.



Expenditure Eliminations Included:

Agency Reductions of **30%** or **\$480 million**.

- Primarily in Higher Education and DHH.

Continuation Expenses of **10%** or **\$160 million**.

- Merits — \$22 million
- Medical Inflation — \$77 million
- Non-Medical Inflation — \$17 million
- Attrition — \$18 million
- Group Benefits — \$25 million (MOF swap)

Efficiencies of **7%** or **\$112 million**.

- Agency Specific Savings
- Statewide Procurement
- Statewide Human Capital Management

2015 Enacted Revenue Bills

| Act Number (Bill Number) | Author | Summary | Impact |
|-----------------------------|------------|---|-----------------------|
| Act 94 (HB 119) | Ritchie | Increased cigarette tax by 50 cents, from 36 cents to 86 cents. Ranked Louisiana as the 35th highest in the nation for taxation; dedicated the proceeds to the Medicaid program. Vapor products are defined and taxed at 5 cents per milliliter or consumable nicotine solution. | \$ 106,400,000 |
| Act 103 (HB 218) | Broadwater | Eliminated the carry-back option and added five additional years to the carry-forward option relative to the ability of corporations to deduct from their Louisiana net income in any particular year operation losses they incurred in other years. | \$ 29,000,000 |
| Act 109 (HB 402) | Stokes | Limited the amount of credit for taxes paid in other states to the amount that would be paid in Louisiana had the income in question been earned in Louisiana. | \$ 34,000,000 |
| Act 110 (HB 445) | Mack | Increased certificate of title fee and salvage title fee from \$18.50 to \$88.50. | \$ 59,500,000 |
| Act 123 (HB 624) | Jackson | Reduced certain exclusions and deductions by 28 percent. The affected exclusions and deductions are public transportation corporations; oil and gas well allowance for depletion; net operating losses; corporate income tax refunds; dividends from banking corporations; certain expenses disallowed for federal taxation; dividend income; and hurricane recovery benefits. | \$ 122,000,000 |
| Act 125 (HB 629) | Jackson | Reduced certain income and corporation franchise tax credits by 28 percent. Also reduces certain tax incentives by 28 percent. Major categories of tax credits include the citizens assessment credit, education credit, new jobs credit, recycling credit, and milk producers credit, among others. Tax incentives impacted in the bill are the digital media, angel investor, live music and theater productions, sound recording, brownfields, technology commercialization, and others beginning with new applications. | \$ 31,500,000 |
| Act 126 (HB 635) | Jackson | Selected rebates reduced by 20 percent. | \$ 5,000,000 |
| Act 131 (HB 779) | Ponti | Capped Solar Tax Credit Program. | \$ 19,000,000 |
| Act 133 (HB 805) | Adams | Reduced refundable inventory credit by 25 percent. | \$ 129,000,000 |
| Act 134 (HB 829) | Robideaux | Changed \$200 million program cap to \$180 million each year. (Film Tax Credit Program) | \$ 77,000,000 |
| HCR 8 | Montoucet | Suspended the exemption for business utilities as to the 1 percent state sales and use levy. | \$ 107,200,000 |
| TOTAL: | | | \$ 719,600,000 |

Timeline:

Fiscal Years FY15, FY16, and FY17

| July / August 2015 | October 2015 | November 2015 | December 2015 | February 2016 | March 2016 |
|---|--|---|--|--|---|
| <p>FY16 HB1 Enacted</p> <p>REC / JLCB Preamble Reduction implemented to reflect Shortfall in Revenue \$4.6 million</p> | <p>FY15 Year End Deficit \$117 million</p> <p>Medicaid report issued: \$518 million shortfall of which \$186 million is state funds</p> | <p>First REC Deficit \$370 million</p> <p>Total deficit: \$117 m. + \$370 m. = \$487 million</p> | <p>Medicaid report issued:</p> <p>\$530 million shortfall of which \$190 million is state funds</p> | <p>Second FY15 REC Deficit Declared: \$570 m.</p> <p>Plus expenditure needs: Total Deficit \$952 million.</p> <p>FY17 Deficit projected to be \$2 billion (does not include merits and inflation)</p> <p>Special Session begins</p> | <p>Special session ends:</p> <p>FY16 deficit eliminated</p> <p>\$1.3 billion raised for FY17</p> <p>\$750 million remaining shortfall for FY17</p> |

Current Budget Status Timeline (FY 2016)

| Date | Issue |
|----------------------------|--|
| October 30, 2015 | <p>Prior-year deficit announced to JLCB in the amount of \$117 million.</p> <p>Medicaid Report prepared by DHH projected a deficit of roughly \$518 million in total dollars, \$186 million in state funds. DHH provided an internal plan to eliminate deficit with minimal disruption of services. Relied heavily on revenue resources made available after the close of Session 2015.</p> |
| November 16, 2015 | Revenue Estimating Conference adopted reduction in Official Forecast for current fiscal year in the amount of \$370 million. |
| November 20, 2015 | <p>JLCB received Fiscal Status Statement reflecting the shortfall.</p> <p>Division of Administration (DOA) presented Deficit Plan in the amount of \$487 million to eliminate the prior-year deficit (\$117 million) and FY16 reduction in the Official Forecast (\$370 million).</p> <p>Plan to eliminate deficit utilized:</p> <ul style="list-style-type: none"> • New revenue sources proposed by DHH to mitigate Medicaid shortfall reported on October 30; • Proposed savings in a fraud initiative in Medicaid; • Funds from statutory and constitutional dedications; • Departmental reductions; and • \$28 million from the Budget Stabilization Fund. |
| December 1, 2015 | DHH issued updated Medicaid Report. The shortfall is projected to be \$530 million, of which \$190.5 million is state general fund. |
| December 17, 2015 | Five-year forecast projected out-year deficits in excess of \$1 billion. |
| NEW ADMINISTRATION | |
| December 2015/January 2016 | Commissioner of Administration estimated additional current fiscal year shortfalls: \$400 million to \$450 million in expected drops in revenue; \$300 million in expenditures. Total estimated current year deficit is \$700 million, which is in addition to the November 2015 shortfall of \$487 million. Commissioner of Administration estimated the ensuing fiscal year (2017) shortfall to be \$1.9 billion. |
| February 10, 2016 | Revenue Estimating Conference met February 10, 2016, and lowered the current year forecast by \$570 million |
| February 13, 2016 | JLCB received Fiscal Status with expenditure funding shortfalls in the range of \$370 million. Total current shortfall approximately \$952 million |
| March 2016 | <p>Special Session actions eliminated the FY16 \$952 million deficit.</p> <p>Plan to eliminate the FY16 deficit:</p> <ul style="list-style-type: none"> • Rainy Day Fund @ \$128 million • BP Economic Damages @ \$200 million • Bond refinancing @ \$81 million • Revenue measures @ \$300 million • Various reductions @ \$243 million <p>Roughly \$1.3 billion raised to address FY17 deficit.</p> |

FY16-FY20 Five-Year Base Line Projection SGF (Continuation)

FIVE YEAR BASE LINE PROJECTION STATE GENERAL FUND SUMMARY CONTINUATION

| | Current Fiscal Year 2015-2016 | Projected Fiscal Year 2016-2017 | Projected Fiscal Year 2017-2018 | Projected Fiscal Year 2018-2019 | Projected Fiscal Year 2019-2020 |
|---|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| REVENUES: | | | | | |
| Taxes, Licenses & Fees | \$10,688,769,000 | \$11,660,700,000 | \$11,914,900,000 | \$10,804,300,000 | \$10,978,700,000 |
| Less Dedications | (\$2,476,600,000) | (\$2,162,200,000) | (\$2,174,900,000) | (\$2,196,700,000) | (\$2,222,600,000) |
| Undesignated Fund Balanced | (\$117,077,518) | \$0 | \$0 | \$0 | \$0 |
| Carry Forward Balances | \$11,874,873 | \$0 | \$0 | \$0 | \$0 |
| Act 121 of 2015 RLS (Funds Bill) - Transfer of Funds | \$30,300,000 | \$0 | \$0 | \$0 | \$0 |
| Mid-Year Deficit - Action by JLCB on 11/20/2015 | \$106,447,816 | \$0 | \$0 | \$0 | \$0 |
| Mid-Year Deficit - Budget Stabilization Fund | \$156,659,664 | \$0 | \$0 | \$0 | \$0 |
| Mid-Year Deficit - Action by JLCB on 02/15/2016 | \$32,860,776 | \$0 | \$0 | \$0 | \$0 |
| Mid-Year Deficit - HB 122 of the 2016 1st ELS | \$234,085,745 | \$0 | \$0 | \$0 | \$0 |
| TOTAL REVENUES | \$8,667,320,356 | \$9,498,500,000 | \$9,740,000,000 | \$8,607,600,000 | \$8,756,100,000 |
| ANNUAL GROWTH RATE | | 9.59% | 2.54% | -11.63% | 1.73% |
| EXPENDITURES: | | | | | |
| General Appropriation Bill (Act 16 of 2015 RLS) | \$8,041,802,994 | \$9,669,255,204 | \$10,111,047,850 | \$10,433,377,313 | \$10,744,751,218 |
| Ancillary Appropriation Bill (Act 46 of 2015 RLS) | \$0 | \$0 | \$0 | \$2,668,062 | \$6,484,178 |
| Non-Appropriated Requirements | \$285,155,251 | \$496,564,823 | \$521,060,030 | \$542,037,786 | \$570,140,087 |
| Judicial Appropriation Bill (Act 66 of 2015 RLS) | \$159,838,908 | \$159,838,908 | \$159,705,289 | \$159,704,887 | \$159,704,469 |
| Legislative Appropriation Bill (Act 76 of 2015 RLS) | \$73,352,811 | \$73,352,811 | \$73,281,028 | \$73,281,162 | \$73,281,282 |
| Special Acts | \$0 | \$13,400,000 | \$13,400,000 | \$13,400,000 | \$13,400,000 |
| Capital Outlay Bill (Act 26 of 2015 RLS) | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL EXPENDITURES | \$8,560,149,964 | \$10,412,411,746 | \$10,878,494,197 | \$11,224,469,210 | \$11,567,761,234 |
| ANNUAL GROWTH RATE | | 21.64% | 4.48% | 3.18% | 3.06% |
| Midyear Adjustments after 12/1/2015 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Reserve for FEMA Reimbursement Not Received from Nov 20, 2015, Deficit Plan | \$17,401,603 | \$0 | \$0 | \$0 | \$0 |
| Mid-Year Deficit Plan BA-7s Approved by Governor, JLCB, and Legislature | (\$39,155,469) | \$0 | \$0 | \$0 | \$0 |
| PROJECTED BALANCE | \$128,924,258 | (\$913,911,746) | (\$1,138,494,197) | (\$2,616,869,210) | (\$2,811,661,234) |

Oil Prices included in the REC official forecast

\$37.12

\$30.00

\$35.55

\$38.26

\$40.17

As of March 17, 2016 JLCB meeting; includes second FY16 mid-year reduction.